Relationship Marketing, Service Quality, Satisfaction And Customers Loyalty Of Bank Sharia Mandiri Banyuwangi

Dwi Ratnasari, Tatang Ary Gumanti

ABSTRACT: The purpose of this article is to examine the association between marketing relationships and service quality satisfaction and loyalty of Bank Syariah Mandiri customer in the Banyuwangi district. The samples consist of 150 customers of independent Islamic banks in Banyuwangi district. Samples were chosen by accidental sampling, which means that any BSM customer who happens to meet with a researcher can be selected as a sample. Data were analyzed using path analysis. The research findings reveal that relationship marketing has an effect on customer satisfaction and loyalty. Quality of service affects customer satisfaction and loyalty. Customer satisfaction does not fully mediate the influence of relationship marketing and service quality on customer loyalty.

Index Terms: relationship marketing, service quality, satisfaction, loyalty, Bank

Introduction

Competition in the banking world is not only based on products but also on service and maintaining relationships with customers. This happens because the product is easier to replicate compared to maintaining relationship marketing and service quality. Customer-oriented relationship marketing programs aim to increase customer positive feelings towards the bank so as to increase satisfaction and strength of relationships (Leverin and Liljander, 2006). The company's success in fostering relationship marketing with customers is influenced by determinants of trust, communication, complaint handling and bonding with customers. Relationship marketing strategies alone are not enough to obtain and maintain bank customers. As a service company, of course a bank cannot be separated from the role of service to customers. The basis for loyalty lies in customer satisfaction, where service quality is the main input (Lovelock and Wirtz, 2011). The image of a banking company depends on how the Front-liner serves the customers. The bank's efforts to provide quality services are guided by the opinion of Parasuraman et al. (1988) which includes tangibility, reliability, responsiveness, assurance and empathy. Maintaining relationship marketing with customers and providing quality services are some of the ways taken by banks in an effort to satisfy customers. Customer satisfaction is the basis for customer loyalty (Lovelock and Wirtz, 2011). The customer who has a high loyalty does not only have a potential to be a word of mount advertiser, but he is possible to be loyal to the product and the company service for a long time and uses the product repeatedly. Customer loyalty becomes the company strategy in facing the tight competition. Torres and Kline (2006) conclude customer satisfaction as individual perceptions about the performance of company products and services related to customer expectations.

Bank Syariah Mandiri is the first Islamic bank that is present in Banyuwangi Regency. The tight business competition is a challenge for BSM in Banyuwangi district to be able to maintain customer loyalty amidst the emergence of other Islamic banks in Banyuwangi Regency. Fostering long-term relationships with customers and providing the best service in order to create customer satisfaction and loyalty is one of the efforts that BSM can take in facing competition. In 2018, BSM has been awarded by Infobank Magazine in collaboration with Marketing Research Indonesia (MRI) because it has succeeded in providing services optimally. Optimizing bank services can be seen from the high level of customer satisfaction, loyalty and attachment to these banks. In addition to these surveys, several previous studies have examined dimensions related to some factors. These include service quality, relationship marketing, loyalty, and customer satisfaction and loyalty. Ndubisi (2007) found that the customers of Malaysian bank tend to be loyal if relationship marketing is well established. Alrubaiiee and Nazer (2010) found relationship marketing had an effect on the loyalty of bank customers in the Amman Jordan region. In addition to relationship marketing, loyalty and satisfaction are also influenced by the quality of service. According to Kashif et al. (2016) Islamic banking customers in Pakistan are satisfied with the quality of services offered. Makanyeza and Chikaze (2017) find that service quality and satisfaction have a positive direct effect on loyalty, and satisfaction mediates the effect of service quality on bank customer loyalty in Zimbabwe. Based on the description of the background of the problem, it can be seen the importance of analyzing the relationship between relationship marketing, service quality, customer satisfaction and loyalty at Bank Syariah Mandiri. The results of previous studies indicate that banking loyalty is determined by several factors, including relationship marketing (Ndubisi et al., 2007), service quality (Makanyeza and Chikaze, 2017), and satisfaction (Alrubaiiee and Nazer, 2010). From a number of previous studies that have been mentioned, there is no one that combines relationship marketing variables and service quality that influence customer satisfaction and loyalty. In addition, only one previous study used bonding as an indicator in measuring relationship marketing. Therefore, this research is expected to be able to complement previous studies.

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Literature Review and Hypotheses Development

Relationship Marketing, Satisfaction, and Loyalty
Relationship marketing aims to provide satisfaction to customers which leads to customer loyalty. Building the long-term relationship with the customer is the best way in creating the customer loyalty (Tjiptono, 2007). Relationship marketing in the banking industry, it is defined by Walsh in Leverin and Liljander (2006) as activities carried out by banks to attract, interact and retain more high-value or profitable customers aimed at increasing customer profitability while providing better service for customers. The dimension of the relationship marketing includes conflict handling (Dwyer et al., 1987; Ndubisi et al., 2007), communication (Ndubisi et al., 2007; Morgan and Hunt, 1994), bonding (Sin et al. 2002), and trust (Morgan and Hunt, 1994). Alrubaiiee and Nazer (2010) concluded that the relationship marketing had a positive significant effect to the satisfaction. The researches between Diantara and Samsir (2015) also showed that relationship marketing had a significant positive to the customer loyalty. Based on empirical study, the proposed hypothesis is: H1: relationship marketing influents customer satisfaction. According to Groonros (1994) the goal of relationship marketing is to build, keep, and improve the relationship with the customer and other partner in a benefit, so that the goals of parties involved is fulfilled. Relationship marketing is found having the significant positive to the bank customer loyalty in Malaysia (Ndubisi et al., 2007). Iriani (2010) found that relationship marketing influents positive significance to the customer loyalty of Bank BNI and Bank BCA. Referring to the previous research findings, the proposed hypothesis is: H2: relationship marketing influents customer loyalty

Service Quality, Satisfaction, and Loyalty
Service quality is the customer assessment of the excellence/specialty of a products or whole service (Parasuraman et.al, 1988). It means that the service quality is the customer assessment of the service company’s performance compared to the customer hope. According to Parasuraman et.al. (1988) good service quality will influent the customer satisfaction. Parawansa (2016) found that service quality influence the positive significance of the customer loyalty. Chenet et.al. (2010) reported that service quality of financial services in Europe has a significant positive media to give a big impact in customer loyalty. Based on the theory and previous researches, the proposed hypothesis is: H3: service quality influents customer satisfaction

One of the ways of the company to get customer loyalty is giving the service quality to the customer. Makanyeza and Chikaze (2017) in their study, they found service quality, satisfaction influent directly significant positive to the bank customer loyalty in Zimbabwe. Kashif et al. 2016 found that customers of Sharia Bank in Pakistan are satisfied with the service quality offered. Accordingly, the following hypothesis is proposed: H4: service quality influents the customer loyalty

Satisfaction and Loyalty
Satisfaction is happiness or the sadness of someone that appeared after comparing the product performance thought to the performance hope (Kotler, 2011:70). Customer satisfaction is the commitment held deeply to buy or support the product or service preferred in the future although the influence situation and the marketing effort has a potential to make the customer changing (Kotler and Keller, 2009:138). Minh and Huu (2016) found that customer satisfaction influent significant positive to the customer loyalty. Satisfaction has a significant positive impact on the loyalty and it is able to mediate the service quality relationship and customer loyalty (Makanyeza and Chikaze, 2017). Opinions mentioned above lead to the following hypotheses:

H5: customer satisfaction influents the customer loyalty
H6: customer satisfaction mediates the effect of relationship marketing on customer loyalty
H7: customer satisfaction mediates the effect of service quality on the customer loyalty.

Figure 1 depicts the relationship between variables examined in the current study.

Research Method
The population of this study is the customers of Bank Syariah Mandiri (BSM) in Banyuwangi Regency. This research was conducted from June to July 2018 involving 150 customers as respondents. Relationship marketing variable measurement consisted of reliance, communication, bonding and complaint handling. Service quality adopts Parasuraman (1988) included the tangibility, reliability, responsiveness, assurance, and empathy. The measurement of satisfaction variable adopted the versions of Fornel et al. (1996) that include whole satisfaction, hope confirmation to the customer and comparison of ideal situation. The last variable of loyalty adopted Griffin (2005) that covers doing the purchase regularly, positive word of mouth, and customer who recommended the BSM. The research hypothesis was analyzed using path analysis.

Results and Discussion
According to the data obtained from the questionnaires from 150 respondents, it was found that most of the respondents were men (58.6%), Moslem (98.7%), between 26-35 years old (32.7%), entrepreneur (42%) and have IDR2,500,000 – IDR5,000,000 (around US$ 200-USD350) monthly income (36%). The value of validity test was between 0.474 to 0.844. It can be concluded that in general validities values showed a significant result, because α value < 0.05. So, the data had met the assumption of validity. Reliability test showed that the value of Cronbach alpha started from 0.753 to 0.827. It can be concluded that the research instrument in the form of questionnaire was reliable because r alpha is more than
0.70. The direct effect test results is shown in Table 1. It can be seen that all independent variables had significant effect on the customer’s satisfactory. Those two variables positively and significantly had an effect on satisfactory (Y1). In Table 1, it is also showed that relationship marketing and service quality had significant effect on loyalty (Y2). Those two independent variables positively and significantly had an effect on customer’s loyalty. Thus, H1, H2, H3, H4 and H5 were accepted.

Table 1. The Summary of Direct Effect Test Result

<table>
<thead>
<tr>
<th>H</th>
<th>Path</th>
<th>Path Coefficient</th>
<th>t-value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>X1 → Y1</td>
<td>0.196</td>
<td>5.665*</td>
<td>+ H1 accepted</td>
</tr>
<tr>
<td>H2</td>
<td>X2 → Y1</td>
<td>0.105</td>
<td>3.001*</td>
<td>+ H2 accepted</td>
</tr>
<tr>
<td>H3</td>
<td>X3 → Y1</td>
<td>0.077</td>
<td>2.668*</td>
<td>+ H3 accepted</td>
</tr>
<tr>
<td>H4</td>
<td>X4 → Y1</td>
<td>0.065</td>
<td>2.410*</td>
<td>+ H4 accepted</td>
</tr>
<tr>
<td>H5</td>
<td>Y1 → Y2</td>
<td>0.170</td>
<td>2.260*</td>
<td>+ H5 accepted</td>
</tr>
</tbody>
</table>

Note: * significant at 5% level

Table 2. The Summary of Indirect Effect Test Result

<table>
<thead>
<tr>
<th>H</th>
<th>Regression Model</th>
<th>direct Effect</th>
<th>Indirect Effect</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5</td>
<td>X1 → Y1 → Y2</td>
<td>0.196</td>
<td>0.170</td>
<td>0.033 + H5 accepted</td>
</tr>
<tr>
<td>H7</td>
<td>X1 → Y1 → Y2</td>
<td>0.077</td>
<td>0.170</td>
<td>0.013 + H7 accepted</td>
</tr>
</tbody>
</table>

Discussion

Relationship marketing is significantly and positively affected by customer satisfaction. This indicates that relationship marketing performed by the bank is capable enough to increase customer satisfaction. The result of this research is in line with Diantara and Samsir (2015) who mention that a well-managed relationship marketing will increase the customer’s satisfaction. The quality of the service has a positive significant effect on customer satisfactory. Service quality had a positive significant effect on customer satisfactory. This indicates that service quality done by the bank could increase the customer satisfaction. This result is in line with the previous research (Chenet et al., 2010; Fatima and Razzaque, 2013; Parawansa, 2016; Narteh, 2016) Relationship marketing is significantly and positively affected on customer’s loyalty. It means that relationship marketing done by the bank can build the loyalty of the customer. The result of this research is in line with By Ndubisi et al. (2007), Iriani (2010), and Alrubiee and Nazer (2010). Service quality has a positive and significant effect on customer loyalty. The application from the optimal service quality concept gave visible results showed by the increase of customer loyalty (Kashif et. al., 2016; Makanyzeza and Chikaze, 2017). The satisfaction has a significant positive effect on customer loyalty. It means when the satisfaction is high, the loyalty would increase and vice versa. This result supports the previous research (Kashif et. Al., 2016; Makanyzeza and Chikaze, 2017; Alrubiae and Nazer, 2010). Satisfaction mediates the effect of relationship marketing on the loyalty of the customer. It means, after going through the satisfaction variable, every enhancement of relationship marketing would make the customer loyalty increases. Satisfaction mediates the effect of service quality on the customer loyalty. It means that after going through satisfaction variable mediation, it could be predicted that in every service quality enhancement there would also be an enhancement on the loyalty of the customers.

Conclusion

The results of the Path Analysis show that relationship marketing and service quality have significant positive effect on customer satisfaction. Relationship marketing and service quality have significant positive effect on customer loyalty. Customer satisfaction mediates the effect of relationship marketing and service quality on customer loyalty. We noticed two limitations pertaining in this study. First, our samples were generated from those with relatively low-income earners who might not have strong motivation to use the banking services. Second, the selected customers are classified to have shorter period of customership. Accordingly, the next researcher is expected to focus on those with relatively higher income or middle income people group. The future study may choose respondents who have been at least three years to be the customers. By doing this, we may expect that more experience in relationship marketing and bank service quality could have better determination the level of customer satisfaction and loyalty to the bank.
REFERENCES


