

# Analysis of Influence of Competitive Advantage, Customer Satisfaction, and Equity of the Brand to the Retention of Funds a Third-Party Corporate Customers of Bank Mandiri Region I Medan

Mario Samuel Sitinjak<sup>1</sup>, Amrin Fauzi<sup>2</sup>, Endang Sulistya Rini<sup>3</sup>

<sup>1,2,3</sup>Master of Management Universitas Sumatera Utara, Indonesia

Corresponding Author: Mario Samuel Sitinjak

## ABSTRACT

As one of pioneer Bank in Western Sumatra (Sumbagut), Bank Mandiri Region I Medan facing many challenges in retaining customer in order to enhance company existency. Corporate customer is the contributor of Third Party Fund Management. Corporate DPK is a big part of company's income. In fact, with a big name and a significant level of trust, Bank Mandiri Region I Medan faces challenges in terms of retaining corporate customers. Corporate customer data tends to decline, in 2016 as many as 1,954 corporate customers, decreased in 2017 (1,249) and decreased again in 2018 (892). This triggers researchers to conduct research at Bank Mandiri Region I Medan with the aim of research to find out and analyze the Effect of Competitive Advantage, Customer Satisfaction and Brand Equity simultaneously on the Third Party Fund Retention of Bank Mandiri Region I. The research method that is used in this research is multiple regression analysis. The results of this study found that, there is a positive and significant effect between Competitive Advantage, Customer Satisfaction and Brand Equity simultaneously with Priority Customer Funds Retention in Bank Mandiri Region I Medan, where this is indicated by the Fcount value is 127.1537 greater than Ftable value is 2.6999 (95% confidence level, df regression of 3 and df residual of 96) so that H1.1 is accepted. While partially there is a positive and significant effect between Competitive Advantage and Priority Customer Fund Retention in Bank Mandiri Region I Medan, where this is indicated by the tcount value is 2.072 greater than t table value is 1.985 (95% confidence level and df of

96) so H1.2 is accepted; there is a positive and significant effect between Customer Satisfaction and Priority Customer Fund Retention in Bank Mandiri Region I Medan, where this is indicated by the tcount value is 3.302 greater than ttable is 1.985 (95% confidence level and df of 96) so H1.3 is accepted; there is a positive and significant effect between Brand Equity and Priority Customer Fund Retention in Bank Mandiri Region I Medan, where this is indicated by the tcount is 2.774 greater than t table of 1.985 (95% confidence level and df of 96) so H1.4 is accepted.

**Keywords:** Competitive Advantages, Customer Satisfaction, Brand Equity, Customer Retention, Bank Mandiri.

## INTRODUCTION

The Bank is a company that provides financial services for the whole society. According to LAW No. 10 Year 1998 about banking states that banking business includes three activities, namely raise funds, distribute funds, and provide services to other banks. Activities to collect funds and distribute funds are the principal activities of the bank while providing services to other banks only as supporting activities. The function of the bank currently plays a role as an intermediary between people who need funds with people who have excess of funds or the bank serves as an intermediary institution, providing services-other financial services.

In the face of business competition, companies must be able to read the desire of the customer because verily the desired customer is not solely the product in a physical body, but rather benefits the fulfillment of the needs and desires of the customer offered by the banking. In the running of the company's objectives and consider the wishes of the customer required the effort to retain customers (retention) in order to ensure the company's business could run. The main source of income of the bank is the turnover of customer funds, either through the save – the loan, and other transactions.

Bank Mandiri was established on 2 October 1998, as part of bank restructuring program by the government of Indonesia. In July 1999, four government banks -- namely Bank Bumi Daya, Bank Dagang negara, Bank Export Import Indonesia and Bank Pembangunan Indonesia-merged into Bank Mandiri, where each bank has an integral role in the development of the Indonesian economy. Up to today, Bank Mandiri continues this tradition for more than 140 years of delivering expertise in banking and the Indonesian economy.

Bank Mandiri Region I, Medan, is one of the leading bank in the City of Medan. Bank Mandiri Region I Medan is located at Jalan Imam Bonjol, Medan, has a scope of work areas in the region Sumbagut, namely the Provinces of Aceh and North Sumatra.

The phenomenon of decline is according to the head of the Unit DPK Corporation Region I Medan is already seen in 3 (three) years. Though diverse efforts have been made by marketing Bank Mandiri Region I Medan, the main Marketing Corporation to increase the Deposits of the Corporation. But such efforts have not also seen the results.

Corporate customer is known as service of Wealth Management, where only the top-tier banks that have an extensive network and a large customer base and objectives of the service are the customers of the upper class, who don't have much

time because of business and other busyness, so utilizing the services of the Corporation to various transaksi Pelayanan provided by PT Bank Mandiri, Tbk continues to experience improvements from time to time with regard to any input and suggestions from each of their customers to be able to be re-examined by the management company. Create stronger relationships with customers by utilizing the community. Growth in the number of corporate customer at PT Bank Mandiri Region I Medan experience fluctuations. In January of up to March 2018 the number of customers reached 412 corporate customers, in the month of April until June 2018 to 300 corporate customers. This is due to corporate customers are issued the funds to buy investment products such as ORI and Mutual Funds of which the level indication is higher than the interest on deposits.

Products Corporate customers require better services to be able to keep nasabahKorporasi, for that bank Mandiri implement a service with added value (service with impact). Service with added value is to provide added value as possible to customers with how to meet the needs of the customer (if possible) go beyond the expectations of the customer. In the form of three pillars of service excellence which includes product, process, as well as the individual involved in the process.

Competition in banking is so tight, the development of technology and changing tastes of the customer can result in nasabahberpindah from one bank to another. Banking should have the ability to develop options of strategic agar can adapt to the dynamic environment. Therefore, company resources must be managed systematically to help companies determine the opportunities and threats of the environment industry that will eventually create sustainable competitive advantage. A competitive advantage strategy is very need to be formulated by every company that can outperform its competitors and make the company become the ruler of the market. In this case, banks should be able to

outperform other banks. There are several phenomena that make why companies must have a strategy of competitive advantage, namely: the absence of the target achieved in terms of the number of customers on deposit products, savings and current accounts and the decline in the number of clients so it takes strategy advantages to compete which is better than the company to attract the customer. It takes courage companies which give attraction to customers such as providing better service to its customers. The company's services such as banking should have services and products that are superior if you want to compete in the Industry although almost all the banks both private banks, and foreign governments largely have banking products and services are almost the same, but very different from the provision of banking services to the segment of institutional and corporate requires the services and banking products nationwide. To be able to create these advantages, then the banks should be able to manage the company's resources well.

The function of banks as financial intermediaries will require an element of satisfaction nasabahdari people who have funds, for that bank's management is confronted on a variety of efforts in maintaining the satisfaction nasabahtersebut, so that the bank will earn the sympathy of prospective customers. In marketing activities, the bank should seek to get people interested and give fully satisfaction nasabahuntuk use the products or services offered by the bank or at least the community is eager to save funds.

Therefore, to be able to compete against the perpetrators of the banking business must have a strategy specifically to be the leader, trying to meet the satisfaction of customers. Because the customer or consumer is the king who must be served with good and give him satisfaction, so that if the consumer is what is desired and satisfied with the services provided then there will be retention of the customer due to retention of the customer or consumer in

a company is important with the retention of the customer the company will be more advanced in the future. Customer retention will make the company more difficult to be forgotten by the customer and will increase sales in accordance with the purpose of marketing is to increase the number of customers, both in quantity and quality (Cashmere, in Nico, 2018). According to Hasan (in Nico, 2018) stated "customer retention" is the target and indicators are important in improving repeat purchases and recommendations from mouth to mouth that have a positive impact for the company."

As the demands of service world of business and banking superior and dynamic bank Mandiri has presented the branch of Bank Mandiri to increase the brand equity in the field of customer perception, company reputation, and customer satisfaction. This issue is related to brand equity consumer-based. Assess the customer with reference to their loyalty. In dividing the customer base into two segments and then assess both the segment of loyal customers and customer segments that focus is there in the agreement the importance of financial performance such as the number of reached customers and their profitability.

## **LITERATURE REVIEW**

### **Competitive Advantage**

Competitive advantage is a strategy of creating value for a company and it is currently not applied by the competitors ' potential (Barney, 1997). Another thing he also explained that the company's advantage, can be generated from the company's ability to utilize a variety of resources and capabilities as assets of strategic. The success of the asset management strategic this will determine the excellence of the company who is able to create the position of the differential compared to competitors (Ferdinand, 2003).

### **Customer Satisfaction**

Customer satisfaction is the result of the assessment of the consumer that the

products or services has provide a level of enjoyment in which the level of fulfillment this can be more or less (Irawan, 2010).

### **Brand Equity**

Brand equity as the added value given to products and services. This value can be reflected in the form of the way a consumers think, feel, and act toward the brand, price, market share, and profitability are owned by the company (Kotler and Keller, 2007).

### **Retention of the Customer**

Retention of customers is defined as the number of customers who do business with the company at the end of the financial year expressed as a percentage of the customer aktifpada the beginning of the year. Retention of customers is a strategic objective to strive for the maintenance of a long-term relationship with the customer where retention of customers is a reflection of the displacement of the customer (Kotler, 2009).

## **RESEARCH METHODS**

This research is type of research that is associative, i.e. research that connects the two independent variables or more to see its effect on the dependent variable (Ginting & Situmorang, 2010). The variables associated in this research is the variables that consists of the variable of Competitive Advantage (X1), variable customer Satisfaction (X2), and Brand Equity (X3) and variable Retention of the customer (Y). The approach in this research is quantitative approach because the direction and focus of this research is to test theoretical that every phase give priority to the measurement formula, the use of instruments of questionnaires and statistical data (Ginting & Situmorang, 2010).

This research population is all customers of the corporation who are listed in Bank Mandiri Region I Medandengan number 892 customers in the year 2018. The amount of size the sample size using the Slovin formula so that the number of

samples in this study amounted to 90 customers.

The type of Data used in this research is using Primary Data, ie data obtained directly from respondents through the questionnaire. Secondary Data, ie data obtained from other sources that have process information in advance, such as from interviews, journals, supporting books, and so on.

Data Collection methods used in data collection is to make a List of Questions (questionnaire), namely the list of questions contains questions to be filled in by the respondents. Study the documentation, which is done by collecting data and studying the data obtained from literature books, journals, magazines, annual report etc., that relate to the problems examined.

## **RESULT AND DISCUSSION**

### **Analysis of Simultaneous**

Simultaneously, the study found that Competitive Advantage, Customer Satisfaction and Brand Equity affect the retention of the customer in Bank Mandiri Region I, Medan. This is a concern for the management of Bank Mandiri Region I Medan in raising third-party funds that during the this trend actually decreased. The capacity of the Bank Mandiri should be no doubt. Almost all businesses in Indonesia have come in contact with the Bank, so that in positioning the Bank has membenak in the community and also businesses. This should be a good capital for Bank Mandiri in retaining customers. Survey internal Bank Mandiri to the Customer Satisfaction Score (CSAT) at the numbers 83,66 is better compared to CSAT industry 80,92 (Self, 2018).This concurs with the research conducted by Dewi (2013) where his research stated that the more satisfied the customer then the increase of retention on the customer.

The results of another study conducted by Setiawan (2006) showed that there is significant influence of service quality (dimensions: Reliability, Assurance,

Keperuntukan, Tangible, Empathy, and Responsiveness) towards customer Satisfaction and Customer Loyalty in Bank Permata Yogyakarta. This becomes the input for the management of Bank Mandiri Region I Medan, where the factors are the advantages they have should be able to increase or maintain their customers.

### **Analysis of the Partial Competitive Advantage**

Partially, this research found that the Competitive Advantage effect on the Retention of Customers in Bank Mandiri Region I, Medan. This result is in line with what was done by Hassan and Rehman (2016) where they find that competitive advantage is correlated positively by 0,509 to the retention of the customer.

In this study, in view of the competitive advantages only based on the angle of view of the company's internal. Researchers did not explore the strategies undertaken by competitors, such as pricing strategy or the strategy in applying the interest to the customer. It is in order to keep the research effort, data strategy party competitors can't researchers get, as this is a confidential company that is definitely guarded by competitors. Although the pricing or the amount of the interest rate set by Bank Indonesia, but offers a higher interest rate than the Interest Rate of Bank Indonesia to the client is it allowed.

### **Customer Satisfaction**

Research conducted by Febrianti (2018) found that customer satisfaction affects customer loyalty. Maintain customer satisfaction so as not to turn away is one of the tasks and role of the components of the company, not only the role of the marketing part of the course. Keeping customers loyal is not an easy task. Loyal customers not only continue to use a product from the manufacturer, but it also serves as a word of mouth for the other. On the contrary, if customers are disappointed, they are waiting for there his product from other competitors,

if there are they will soon move (Schiffman and Wisenbilt, 2015).

Some steps that can be done to improve customer satisfaction according to (Schiffman and Wisenbilt, 2015):

#### **1. Treat specifically**

Each of the customers has the character and desire are different. The company should be responsive and not be able to treat the same to all their customers. First Independent Bank directly menghaapi.

#### **2. Give rewards for customers**

Every man is very pleased with the praise or the gift. Not the amount that they value, but there is a special attention which is an added value and creates psychological customers become more satisfied.

### **Brand Equity**

This study also shows that brand equity has a positive and significant influence to the retention of the customer in Bank Mandiri Region I, Medan. This result is in line with what is done by Maulidiah, Suharyono and Hidayat (2013) where they conducted a study of brand equity to customer loyalty. They do a survey to the owners motorcycle Honda brand that has more than one unit as well as the do service at the Dealer MPM Motor Malang. Their results showed that simultaneous brand equity has positive and significant effect to customer loyalty with the value of Adjusted R Square of 0,647.

Of the overall independent variable, brand equity variable is a variable that has a correlation which is most powerful compared with other variables. This is shown through the t test value of the variable of brand equity the most high compared with the variable of competitive advantage and also customer satisfaction. This becomes a positive feedback for Mandiri Bank in maintaining DPK corporate customer is by strengthening the segment of brand equity.

Kotler and Armstrong (2012) stated some of the steps in building brand equity:

### 1. Build brand positioning (positioning)

Marketers have to position the Bank with a clear to the corporate customer, especially when related to the management of third party funds. The efforts of brand placement can be done through 3 stages:

- a) At the lowest level is done with the build attributes of the product. It is to explain what are the features possessed in the management of the TPF and what is the procedure.
- b) Next marketers explain what are the benefits of Deposits (such as scale for the results that corporations get, the funds managed by safe), what's the advantage compared to other banks (such as for the management of larger, more secure).
- c) Next build emotional connection with customers, it is not just talking about the product and or excellence, but rather to build closeness, can be through explanation of the profile of Bank Mandiri, which owned by the state, so that the results are returned to the community, the management of which is transparent and / or Bank Mandiri strongly support the sustainability of Indonesia and with the programs of Corporate Social Responsibility.

### 2. Maintain the good name of the brand

Brand indirectly is a representation of the product itself. When marketers are positioning a brand, not direct marketers also represent what the company's vision and mission and what the company's commitment to consumers. Marketers keep in their commitment to maintain the good name of the Bank. It is also not only the duty of most marketers, but all the employees of Bank Mandiri.

### 3. Sponsor brand

Bank Mandiri as a state owned, can educate the customer that the brand is synonymous with a love of Indonesia. The current state-owned enterprises in Indonesia have the tagline "state-owned enterprises To the Country". This seemed to invite the

people of Indonesia that the presence of state-owned enterprises (including Bank Mandiri) to answer the needs of the community and in the end also back to the community.

### 4. The development of the brand

In terms of the development of the brand, there are 4 (four) strategy options that can be selected as in the following image:

		Product Category	
		New	Long
Nama Brand	New	New Brand	Multi Brand
	Long	Expansion Of The Brand	Expansion Of The Line

Source: Kotler and Armstrong, 2012

Based on the table above if analyzed further, the Bank is an old brand with features that are also not new (long) so that the chosen strategy is the strategy of "Expansion Line". This strategy explains the company's need to enrich the features and or other services on a product. This strategy does not add a new brand, not creating a new brand, but the focus on the brand by adding to or enriching the features or the variety of products and services. If we observe the product from previous Bank only as a savings and loan, but has been growing at ATM machines, Debit cards, Credit Cards, Credit Without Collateral, Management of Third Party Funds, and so on. The expansion of it all under one brand, in this case is Bank Mandiri. The task of the marketer if the customer is not currently or is not interested in the products we offer, we can explain the products/services of the other, so it could be more customers need on a variety of products/services from Bank Mandiri other.

## CONCLUSION AND SUGGESTION

### Conclusion

Based on the results of research and discussion that has been done in this study, the researchers took concluded as follows:

1. Simultaneously, there is a positive influence and significant between Competitive Advantage, Customer

Satisfaction and Brand Equity simultaneously with the Retention of Funds Pihak Third Corporate Customers in Bank Mandiri Region I Medan, where it is indicated by the value of Fcount namely 127,1537 is large compared to the dengan Ftabelyaitu 2,6999 (level of confidence sebesar 95%, df regression at 3 and df of the residual of 96) so that H1.1 is received.

2. There is a positive influence and significant between the Competitive Advantages with the Retention of Deposits Corporate customers in Bank Mandiri Region I Medan where it is indicated by the value of t count is 2,072 is large compared with t tabelyaitu 1,985 (level of confidence of 95% and df amounted to 96) so that H1.2 received.
3. There is a positive and significant influence between Customer Satisfaction with the Retention of Deposits Corporate customers in Bank Mandiri Region I Medan where it is indicated by the value of t count is 3,302 larger compared with t tabelyaitu 1,985 (level of confidence of 95% and df amounted to 96) so that H1.3 is received.
4. There is a positive and significant influence between Brand Equity with the Retention of Deposits Corporate customers in Bank Mandiri Region I Medan where it is indicated by the value of t count is 2,774 is large compared with t tabelyaitu 1,985 (level of confidence of 95% and df amounted to 96) so that H1.4 is received.

### Suggestion

Based on the results and discussion then there are some suggestions that can delivered:

1. The results of this study show that all the variables (Competitive Advantage, Customer Satisfaction, and Brand Equity) proved to be influential to the Retention of Funds a Third-Party Corporate Customers of Bank Mandiri Region I, Medan. Among the overall

variables, based on this study the variable of Brand Equity has relationship most closely compared with the other variables (coefficient, t the most high). Bank Mandiri need to put the focus of attention which is important to the satisfaction of this client. This can be done by brand-building efforts of Bank Mandiri to corporate clients through: 1) Positioning of brand (positioning), 2) Maintain the good name of the brand, 3) brand Sponsorship, and 4) the Development of the brand.

2. Bank Mandiri also needs to maintain good relations with customers continuously, not only through formal meetings but also informal or giving attention / special award to the customer. It is important to maintain a good relationship and also serves to follow up on several customers that are currently not yet active again.

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