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Effect of Service Quality, Product and Promotion on Customer Loyalty at Bank IBK Indonesia, Palang Merah Medan Branch

Bayu Wulandari[1], Kevin Wijaya[2], Erick Junesia[3]

[1,2,3]Universitas Prima Indonesia, Indonesia

Corresponding Author: Bayu Wulandari

ABSTRACT

The purpose of the bank is to increase customer loyalty. Services for customer needs using automated teller machines (ATM) owned by Bank IBK Indonesia do not yet exist. Bank IBK Indonesia does not provide the bank's own ATM machine service but uses a shared ATM service so customers are somewhat disappointed. Bank IBK Indonesia is also promoting its banking products so that customers are more familiar with their products. However, the implementation of Bank IBK Indonesia product and promotion is only through brochures given to customers who visit Bank IBK Indonesia so that many customers are unfamiliar with the product. Product promotions conducted by Bank IBK Indonesia per month and brochures are not given to bank visitors as a whole, but only to certain customers. The object of research was carried out at Bank IBK Indonesia. This study uses a saturated sampling technique. Determination of population use of 60 people and 30 people for data validity testing. The approach taken by researchers uses quantitative in all methods used. The data collected through the process of interviews, questionnaires and documentation study. The analysis used includes multiple regression methods. The coefficient of the simultaneous F test (17.282>2.003) and partial t test (3.322>2.003), (3.487>2.003) and (2.227>3.16), the conclusion of the results in this study is the variable service quality, product and promotion simultaneously and partially has a significant positive effect on customer loyalty.

Keywords: Service Quality, Product, Promotion, Customer Loyalty

INTRODUCTION

The Indonesian banking landscape is increasing, but the competition it faces has also become sharper and more efficient. This is because both local and international banks are run by several banks in Indonesia. Bank IBK, Indonesia, is one of the banks facing this problem. These banks are involved in financial institutions which play a big role in today's economy. The bank functions primarily as a fundraising institution and channeling public funds. In developing welfare and facilities, this position is very helpful for the community and the business world. Bank IBK Indonesia also aims to increase consumer satisfaction so that its products continue to be used by consumers.

The purpose of the bank is to increase customer loyalty. Services for customer needs using automated teller machines (ATM) owned by Bank IBK Indonesia do not yet exist. Bank IBK Indonesia does not provide the bank's own ATM machine service but uses a shared ATM service so customers are somewhat disappointed. Bank IBK Indonesia is also promoting its banking products so that customers are more familiar with their products. However, the implementation of Bank IBK Indonesia product and promotion is only through brochures given to customers who visit Bank IBK Indonesia so that many customers are unfamiliar with the product. Product promotions conducted by Bank IBK Indonesia per month and

brochures are not given to bank visitors as a whole, but only to certain customers.

Based on the data on the development of savings customers, especially at Bank IBK Indonesia, it can be seen that 118 customers <1 year for savings are less than customers for 1-2 years, even customers >3 years, there is a decrease in customers <1 year for savings. There were 49 fewer customers who opened current accounts <1 year compared to 1-2 years, even customers >3 years. There was a decrease in demand deposits for <1 year. There were 41 more customers who opened deposits <1 year than customers in 1-2 years. The increase in customers opening deposits was <1 year.

Bank IBK Indonesia is a financial service institution; superior service also pursues competitive advantage. One of the most important aspects affecting competitive advantage is the correct and specific approach to service quality. To increase customer satisfaction, pleasant service by bank employees is very important. To be able to compete on an equal footing with other banks, Bank IBK Indonesia is one of the banks that periodically makes changes to service quality to improve service quality, especially in teller services, customer service, ATMs and security. In every operational task, Bank IBK Indonesia often prioritizes customer support; A bank employee is expected to always provide excellent service to customers. Employees must offer exceptional service, be it teller, customer service, or security; Bank personnel must be good at knowing the characteristics of their customers. In offering services to clients, company employees and Bank IBK Indonesia protection are very friendly. The services offered by an organization, however, are simply services provided in front of distributor and customer support. Since this bank does not have its own ATM, the problem IBK Indonesia Bank sometimes faces is poor service levels.

Services for customer needs using the ATM owned by Bank IBK Indonesia do not yet exist. Bank IBK Indonesia does not provide the bank's own ATM machine service but uses a shared ATM service so customers are somewhat disappointed. The customer only has a limit of Rp. 10,000,000 for free cash withdrawals. For other transactions using a shared ATM, customers will usually be charged fees such as: transferring funds to other banks or making transfers between IBK Indonesia Banks are also subject to a fee of Rp6,500, because customers use shared ATMs and customers who check their balances through ATMs are also charged a fee of Rp. 4,500. Even though this ATM machine is very important for customers to make it easier for customers to transact at any time and customers often want to make transactions through ATMs which are free of fees if customer transactions occur at other banks. Customers find it difficult to find a joint ATM, not all ATMs near the customer's residence have a joint ATM. If the ATM machine is not an ATM together with the customer, the customer cannot use the ATM machine to make transactions.

LITERATURE REVIEW

2.1 Effect of Service Quality on Customer Loyalty

Heriyanto and Nurtjahjani (2017:318), to increase customer satisfaction, it is hoped that companies can offer the best quality.

Sigit and Soliha (2014:161), customer loyalty identifies customer contributions to potential reuse of services provided.

Ismail (2014:181), if the quality of the client is the highest, the client will be happy, which will contribute to customer satisfaction.

2.2 Effect of Product on Customer Loyalty

Sigit and Soliha (2014:161) stated that good product quality causes consumers'

desire to use the product, ultimately creating high customer loyalty.

Consistency of interactions with the advantages, uses, and functions of the product. In order for consumers to be loyal to producers, reliable goods must fulfill consumer wants, wants and needs.

Widiyatma (2018:28), consumers who use products always see their quality and remain loyal to quality products, which creates loyalty.

2.3 Effect of Promotion on Customer Loyalty

Astuti and Respati (2015:149) The role of promotion is to form awareness society even creates customer loyalty.

Rosalina, Qomariah and Sari (2019:163), companies use promotions as a tool to retain customers by providing product information where customers can choose products so that customers have and feel they are in accordance with these products, creating customer loyalty.

Soraya (2015:12) states that customer loyalty is manifested in promotional information provided by companies to customers so that customers know the product, the value of the product and the quality of the product offered.

RESEARCH METHODS

The object of research was carried out at Bank IBK Indonesia. The location of the research at Bank IBK Indonesia which is on Jalan Palang Merah No. 112, Medan Petisah District, Medan City.

This study uses a saturated sampling technique. Determination of population use of 60 people and 30 people for data validity testing.

The approach taken by researchers uses quantitative in all methods used. A quantitative research approach that shows the relationship between two or more research variables (Sugiyono, 2012).

The data collected through the process of interviews, questionnaires and documentation study.

The analysis used includes multiple regression methods. Multiple regression methods consists of the F test and t test. The F test is used, according to Hantono (2017:72-73), to test whether the dependent variable is collectively influenced by the independent variable. The t test is used to test whether the independent variable has an independent effect on the dependent variable, according to Hantono (2017:74-75).

RESULT

A General Description of the Company

Bank IBK Indonesia is a bank that was founded on the merger of Bank Agris and Bank Mitraniaga. The consequences of the merger will be effective in 2019. It is actually located in Jakarta and is ranked as a foreign exchange bank. IBK is an investor from South Korea. Investors also bought the securities of Bank Mitraniaga and Bank Agris. The group management emphasized the objective of this merger to build a strong, sustainable and stable banking industry. Moreover, this policy is often driven by the Financial Services Regulator, which urges banks to merge in order to strengthen their capital structure.

Characteristics of Research Respondents

In the data, it is known that the respondents aged 21-25 years are 10 people (17%), 26-35 years as many as 35 people (35%), 46-50 years as many as 5 people (8%), over 51 years as many as 10 people (17 %). This shows that the number of dominant customers is 26-35 years old and still young.

In the data, it is known that the majority of respondents were male, as many as 26 people (43%) and as many as 34 people (57%) were female respondents. This shows that the customer is predominantly female which means that the customer is.

The data shows that the respondents have a high school education level, namely 12 people (20%), 16 people (27%) Diploma 3, 22 students (37%) and 10 S2 (17%). Customers with the latest S1 education can

be seen that the customer has the latest education which is quite good and understands savings products well.

Descriptive Statistical Analysis

This analysis will explain the value of the descriptive statistics of the value of n, the minimum value, the maximum value, the average value, the value of the standard deviation.

The results of the SPSS will explain the value of the four variables tested in the descriptive statistical analysis, namely the variables of service quality, product, promotion, loyalty.

The explanation for the tested table from SPSS can be seen for the service quality variable with a value of 60 respondents, a mean of 30.8833 with a value of at least 21 and a maximum value of 40 with a standard deviation of 4.91312.

From the results of the table tested from SPSS, it can be seen for the product variable with a value of 60 respondents, a mean of 34.00500 with the smallest value of 23 and the greatest value of 45 with a standard deviation of 4.83429.

From the results of the table tested from SPSS, it can be seen for the promotion variable with a sample of 60 respondents with a mean number of 34.5446 with the smallest value of 20 and the greatest value of 36 units with a standard deviation of 4.01635, with a value of 60 respondents, a mean of 20.5333 with a value of at least 11 and a maximum value of 28 units with a standard deviation of 3.70738.

Multiple Regression Result

F test

Table 1. F test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	389.852	3	129.951	17.282	.000[b]
	Residual	421.081	56	7.519		
	Total	810.933	59			

a. Dependent Variable: Y
b. Predictors: (Constant), X_1, X_2, X_3

Source: Research Results (2021)

t test

Table 2. t test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.075	3.371		-.912	.366
	X_1	.267	.080	.353	3.322	.002
	X_2	.274	.079	.357	3.487	.001
	X_3	.217	.095	.235	2.277	.027

a. Dependent Variable: Y

Source: Research Results (2021)

The coefficient of the simultaneous F test (17.282>2.003) and partial t test (3.322>2.003), (3.487>2.003) and (2.227>3.16), the conclusion of the results in this study is the variable service quality, product and promotion simultaneously and partially has a significant positive effect on customer loyalty.

CONCLUSION AND SUGGESTION

The coefficient of the simultaneous F test (17.282>2.003) and partial t test (3.322>2.003), (3.487>2.003) and

(2.227>3.16), the conclusion of the results in this study is the variable service quality, product and promotion simultaneously and partially has a significant positive effect on customer loyalty.

Based on the problems discussed earlier, suggestions for the company can be given are:

1. **For Researchers**
   From the results of this study are the basis for seeing the influence between service quality, product and promotion in having an impact on performance.
2. **For the Faculty of Economics, Universitas Prima Indonesia**
   The results of this study become a model of research results for further research.
3. **For the Bank IBK Indonesia Company**
   Service quality, product and promotion issues need to be the company's attention so that it will be even better in the future.
4. **For the Next Researchers**
   Can choose other variables for future research.

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