

Analysis of the Influence of Marketing Mix and Service Quality towards Customer Satisfaction and Savings Loyalty at the Main Branch of PT. Bank Kalteng Palangka Raya

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Abstract—PT. Bank Kalteng, is within the Indonesian banking industry facing highly competitive competition and high levels of business complexity. Complex competition conditions require banking institutions to provide quality and satisfactory products and services so as to create customer loyalty. This study aims to measure and analyze the effect of marketing mix and service quality on customer satisfaction and loyalty so that PT Bank Kalteng can compete in Indonesian banking industry. The type of research used is causality research. The population in this study is all of the Bank's Savings Bank at Palangka Raya Main Branch, which amounted to 9,875 customers. The technique of determining the number of samples based on formula of Yamane with a 5% amounted to 394 people. Sampling technique is Incidental Sampling and data collection method using questionnaire and interview. Analyzer used in this research is Partial Least Squares (PLS). The results of the study prove the marketing mix has a significant positive effect on customer satisfaction and customer loyalty. Likewise, Quality of service has a significant positive impact on customer satisfaction and customer loyalty. Furthermore, customer satisfaction has a significant positive effect on customer loyalty at PT. Bank Kalteng.

Keywords—customer satisfaction; loyalty; marketing mix and service quality

I. INTRODUCTION

The Indonesian banking industry has been facing a very competitive competition in the midst of growing economic conditions and a high level of business complexity due to some banking institutions on national and international scale work in Indonesia. It requires those banking institutions offer the right

marketing mix and provide quality services in order to maintain and create customer satisfaction and loyalty [1].

The part of the company's marketing strategy to convey the value and benefits to customers is the marketing mix revealed that the marketing mix is a strategy to mix marketing activities [2], so that the maximum combinations are intended to bring the most satisfying results. Assauri suggests that the marketing mix is a combination of variables or activities that are the core of the marketing system, controlled variables by the company to influence the reactions of buyers or consumers [3]. If all elements of the marketing mix are optimized, the customer satisfaction will be achieved then customer loyalty will be created [3].

Quality service can be an alternative strategy applied by the companies to win the business competition and to build customer satisfaction and loyalty. The quality service is closely related to customer satisfaction to establish strong ties with the company. In the long term, this bond enables the companies to understand customers' expectations and needs.

Excellent service has become a demand that must be fulfilled by the business organization in order to be able to compete effectively in this current increasingly competitive market. Properly managed quality contributes positively to the realization of customer satisfaction and loyalty. The company can increase customer satisfaction, maximize a pleasant customer experience, eliminate unpleasant customer experiences that create customer loyalty [4].

Kotler and Keller suggested that satisfaction is a feeling of pleasure or disappointment that someone feels after comparing perceived performance to his/her expectations [1]. Customer

satisfaction can be seen from the extent to which customer expectations can meet the results of company performance [1].

Oliver in Kotler defined loyalty as a deep commitment to buy or to support a product or service that is preferred in the future even though the influence of the situation and marketing efforts has a potential to cause customers to switch [1]. According to Alma, the characteristics of customer loyalty are consumers make regular repurchases; they do not only buy one product offered by producers; they will recommend their friends to buy the same product in the same place; and they will not switch easily to the other competing products [2].

Foster found out that the marketing mix affects customer loyalty [5] while Devi et al. proved that the marketing mix variables consisting of credit facilities, services, locations, and credit procedures have a direct effect on customer decisions in taking credit and subsequent customer satisfaction [6]. Koestanto and Hari proved that the dimensions of physical evidence, reliability, responsiveness, assurance and empathy simultaneously affect the customer satisfaction [7]. Putra et al. proved that the service marketing mix consisting of products, prices, promotions, places, people, physical evidence, and processes have a significant effect on customer satisfaction and loyalty [8]. Sudjinan, et al. proved that the ultimate marketing mix of product, price, place, promotion, proactive service, people, and physical evidence have an influence on customer satisfaction [9].

PT. Bank Kalteng has an important role in the progress of development in Central Kalimantan Province particularly as an institution that provides financial services to the community and the private sector and investors. The bank functions as treasurer and holder of Central Kalimantan regional treasury and sells banking products such as current accounts, deposits, and other service products. The additional functions carried out by PT. Bank Pembangunan Kalimantan Tengah to perform not only as the public's attention, but also by the regional capital investment by the government.

The bank's performance in 2015 was seen from the achievement that the percentage of Deposits or Funds of Third Party decrease of 4.29% compared in 2014. The decrease number of Funds of Third Party made the decrease number of customers of 1.32% compared to the position at the end of 2014 [10]. Other problems that might appear after observing some costumers of the main branch of PT. Bank Kalteng, there were complaints on employees' services that they took a long time to serve the costumers. This indicated that the costumers might be unsatisfied and loyal.

Based on the problems above, this research aims at analyzing the marketing mix, quality service, customer satisfaction and loyalty at the main branch of PT. Bank Kalteng and measuring the influence of the marketing mix and quality service on customer satisfaction and loyalty.

II. RESEARCH METHODS

This research would describe the existence of a causal relationship among several situations described in variables and the general conclusion would be drawn based on it [11]. The population in this research was all customers of the main

branch of PT. Bank Pembangunan Kalimantan Tengah as many 10,165 customers. The technique of determining the number of samples referred to the approach of Ferdinand as much as 5% so that the number of samples were 394 people [11]. The sampling techniques applied purposive sampling and incidental sampling by taking samples of the population based on a certain criterion that they must have been at least one year costumers. These samples would incidentally fill out the questionnaire and be interviewed.

There would be instruments testing by using validity test with Pearson formula of Product Moment Correlation with a minimum criteria of $r > 0,3$ and the reliability test value of Alpha Croanbach ($\alpha = 5\%$) with alpha coefficient $\geq 0,7$ [12]. Operational definitions of the variables of this research were as follows:

- a. Marketing mix is a controllable marketing element that is combined to produce the expected response from customers that consists of:
 - Product items; (1) easy registration to become a new customer; (2) the attractiveness of setting a minimum balance of savings; (3) compensation or offering interest; (4) costumers saving security.
 - Price items; (1) affordability of costs to become a new saver; (2) attractiveness of bank facility fees; (3) affordability of savings service fees; (4) cheap cost of making ATM cards.
 - Place items (1) availability of branch offices that are accessible; (2) adequate number of services; (3) adequate number of ATMs.
 - Promotion items; (1) interesting brochures; (2). attractive employee explanations; (3) lucky draws; (4) various promotional media.
- b. Quality service is a thing that can be managed to be a company advantage to meet the customer expectation. Quality service is measured by some dimensions with particular indicators;
 - Reliability; this some items (1) bank employees provide good service; (2) the queue is not too long; (3) on time services.
 - Responsiveness; items (1) employees respond to the problems friendly; (2) fast services; (3) the employees are well-responded to the costumers' complaints.
 - Assurance; items (1) employees great the costumers; (2) the ability to maintain customer confidentiality; (3) safe bank environment; (4) risk in transactions is always considered.
 - Empathy; items (1) the ability of employees to explain; (2) the attention to customers without differentiating their social status; (3) the ease in contacting branch offices.
 - Tangible; items (1) strategic office location; (2) spacious parking space; (3) comfortable service room; (4) employee uniforms; (5) savings book appearance.

- c. Customer satisfaction is costumers' feeling or impression of good or bad because of a gap between expectations and perceived performance. It can be measured from the costumers' impression of the bank's services. This has some items; (1) satisfied with the bank's employees services; (2) the bank's performance fulfills the expectation. The costumers' impression of bank facilities can be measured by some items; (1) satisfied with physical bank facilities; (2) good experience in the transaction process.
- d. Loyalty is the costumers' loyal attitude or commitment to a particular product or service. It can be measured by repetition of transactions regularly. It has some items; (1) making savings deposits regularly; (2) doing other financial transactions; (3) printing the savings books. The costumers also are not affected by the other competing products with some items; (1) staying loyal; (2) keeping in the brand. At last, the costumers create some prospects with the items; (1) recommending to friends; (2) telling good things to others.

The type of data used was primary data by collecting data through interviews and questionnaires from costumers at PT. Kalteng and measuring the research variables by a Likert Scale. The data would be analyzed by *Structural Modeling Equation* with Partial Least Squares (SEM-PLS). There were five stages of the analysis process and each stage would affect the next stage, namely (1) conceptualization of the model; (2) determining the algorithm analysis method; (3) determining the resampling method; (4) drawing path diagram, and; (5) evaluating the model [13].

III. RESULT AND DISCUSSION

The number of respondents was 394 depositors with the following characteristics: *based on gender*, 49.2% male and 50.8% female; *based on age* 37% of 19-28 years, 41% of 29-39 years, and 22% of more than 40 years; *based on the duration of being costumers*, 82% of 1-5 year(s), 15% of 6-10 years, and 3% of 11 years, and; *based on the occupation*, 47% of private employees, 42% of civil servants, and 11% of students. The results of descriptive analysis of the marketing mix variables based on the perception of the customer shows *mean* marketing mix is 4,44. Customer perceptions of indicators consist of; *Promotion* indicator mean is 4,50, *Product* indicator mean is 4,40, *Price* indicator mean is 4,42 and *Place* indicator mean is 4,42. These indicate the costumers assess the marketing mix conducted by the main branch of PT. Bank Kalteng is good. Customer perception of quality service with the mean value as much as 4,56. Furthermore, the customer perceptions for the dimensions of 4,56 of Reliability mean; 4,45 of Responsiveness mean; 4,66 of Assurance dimension mean; 4,57 of Empathy dimension mean; 4,63 of Tangible mean. Those indicate that the costumers assess the quality service from the main branch of PT. Bank Kalteng Palangka Raya is fairly qualified. Customer perceptions of the satisfaction variables with a mean value of 4,28. Customer perceptions of satisfied indicators mean value with all facilities of 4,37 and satisfied indicators on bank services as a whole with a mean value of 4,19. These mean that the costumers are satisfied with the facilities and services of the main branch of PT. Bank Kalteng Palangka Raya. Customer perceptions of customer

loyalty variables with a mean value of 4,28. The customer perceptions of the prospect creation indicator mean of 4.31, feeling uninterested on the competitor's indicator mean of 4,29 and doing regular transaction indicators mean of 4.22. These show that the costumers are already loyal to the main branch of PT. Bank Kalteng Palangka Raya.

Based on the results of PLS analysis to test the validity of each variable indicators by testing the Convergent Validity, Discriminant Validity, all variables and 11 indicators with *Outer Loading* values above is 0,6 and Average Variance Extracted (AVE) > 0,50, the variables and indicators meet the requirements validity. This occurs similarly with *Composite Reliability* and Cronbach's Alpha of all variables $\geq 0,70$. It indicates that it has fulfilled reliability. Thus, it concludes that all indicators do indeed measure the construct of each latent variable. Examination of *Goodness of Fit* is seen from the value of predictive-relevance (Q²) of 0,721 meaning the model has a high predictive value. The results of structural model testing with PLS to test the direct effect of the research variables can be seen clearly in the following model:

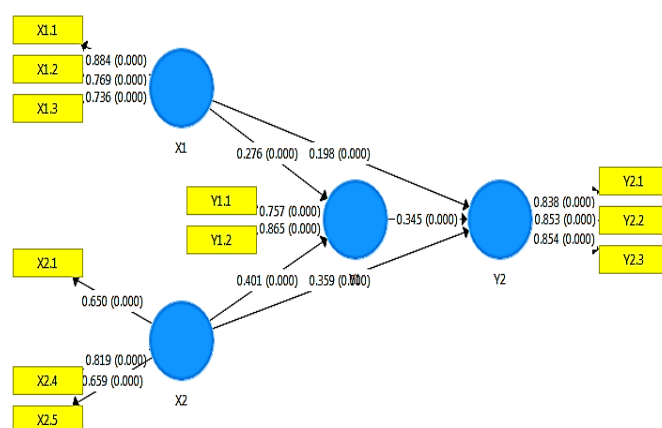


Fig. 1. Structural model.

Based on the results of analysis with the Structural Equation Model (SEM) PLS, the marketing mix variable consists of 3 indicators: product, price and place. Service quality variables consist of 3 indicators: reliability, empathy and tangible, variable customer satisfaction 2 indicators: the costumers' impression of the bank's services. and) the bank's performance fulfills the expectation and the costumers' impression of bank facilities. And customer loyalty with 3 indicators, namely repetition of transactions regularly, the costumers also are not affected by the other competing products and the costumers create some prospects with value outer loading > 0,6.

TABLE I. DIRECT EFFECT

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Y1	0,276	0,277	0,054	5,087	0,000
X1 -> Y2	0,198	0,198	0,046	4,275	0,000
X2 -> Y1	0,401	0,399	0,046	8,666	0,000
X2 -> Y2	0,359	0,361	0,050	7,208	0,000
Y1 -> Y2	0,345	0,344	0,046	7,541	0,000

The Table 1 above proves that the marketing mix has a significant positive effect on customer satisfaction with a coefficient of 0,276, with a p-value of 0,000. The marketing mix has a significant positive effect on customer loyalty with a coefficient of 0,198 with a p value of 0,000. It means that the better marketing mix will increase customer loyalty. These results support the research of Devi et al. which states the marketing mix has a significant effect on customer satisfaction [6], as well as Sudjinan et al. agrees that the marketing mix of product, price, place, promotion, proactive service, people, and physical evidence influence the customer satisfaction [9]. Foster states that the marketing mix affects the customer loyalty [5]. Whereas Putra and Eka prove that the marketing mix of services (product, price, place, promotion, people, physical evidence, process) has a positive influence on satisfaction and loyalty [8].

Service quality has a significant positive effect on customer satisfaction with a coefficient of 0,401 and a p-value of 0,000. Furthermore, the quality service has a significant positive effect on customer loyalty as well with a coefficient of 0,359 and a p-value of 0,000. It means that better quality service will increase customer satisfaction and loyalty. The results of this research support the results of research by Lupiyoadi that the quality of corporate service to customers had an asymmetrical effect on customer satisfaction, in which poor service results greater customer satisfaction than the best categorized service [12]. Anantan showed a relationship between quality service and customer satisfaction. He stated that improving quality service will improve the customer satisfaction, therefore the relationship must be improved [14]. This is similar to Anatan who stated that there is a strong relationship with consumers when consumers give a positive assessment of quality service and weak relationships when consumers make a negative assessment of the quality service [14].

Customer satisfaction has a significant positive effect on customer loyalty with a coefficient of 0,345 and a p-value of 0,000. This means that the higher customer satisfaction, the more loyal the customers. This result supports the research of Cahyani et al. that quality service has a positive and significant effect on customer loyalty [15]. Whereas Saravanakumar stated the result of quality service has the impact on customer loyalty [16]. Indirect effect of examination in this research is conducted by Sobel Test which is a test to determine whether the relationship through a mediating variable is significantly capable of being a mediator in the relationship [17].

TABLE II. INDIRECT INFLUENCE

Indirect Effect	Direct Influence Coefficient		Indirect Influence Coefficient (Sobel Test)	Information
	A	B		
$X_1 \rightarrow Y_1 \rightarrow Y_2$	$X_1 \rightarrow Y_1 = 0.276 *$	$Y_1 \rightarrow Y_2 = 0.345 *$	4,31	Significant
$X_2 \rightarrow Y_1 \rightarrow Y_2$	$X_2 \rightarrow Y_1 = 0.401 *$	$Y_1 \rightarrow Y_2 = 0.345 *$	5,23	Significant

Source: Primary data by the researchers

The table above proves that the marketing mix has a significant indirect effect on customer loyalty through customer

satisfaction with a coefficient of 4,31. Because the indirect coefficient of influence is greater than the direct influence coefficient of 0,198, this means customer satisfaction has proven as media of marketing mix with customer loyalty. Similarly the quality service has a significant indirect effect on customer loyalty through customer satisfaction with a coefficient of 5,23 which is greater than the direct influence coefficient of 0,359 that means that customer satisfaction has become a media of quality service with customer loyalty.

IV. CONCLUSION

Customer perceptions of the elements of the marketing mix include good product, price, place and promotion. Whereas the quality service includes reliability, responsiveness, assurance, empathy, and tangible quality. Customers are satisfied with the facilities, services and customer loyalty on the main branch of PT. Bank Kalteng. Marketing mix and quality service have a positive and significant effect on customer satisfaction and loyalty. While customer satisfaction has a positive and significant effect on customer loyalty. Customer satisfaction has proven to be a mediate to influence the marketing mix and quality service on customer loyalty.

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