

CUSTOMER LOYALTY, EFFECT OF CORPORATE IMAGE, SERVICE QUALITY AND CUSTOMER SATISFACTION PT. BRI MALANG CITY - INDONESIA

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ABSTRACT :

Business is an effort to sell products or services produced to the market or consumers through various efforts that are made. This research is the result of a survey of three bank branches, namely PT. Bank Rakyat Indonesia, Tbk Malang - Indonesia. The type of research used is quantitative with an explanatory approach model. Primary data was collected through a questionnaire with 150 respondents and tested its validity and reliability. Analysis of research data using multiple linear regression and followed by path analysis or path analysis. The results of the study prove that corporate image has a significant positive effect on customer satisfaction and customer loyalty. Service quality significant positive effect on customer satisfaction and customer loyalty. Then customer satisfaction has a significant and positive effect on customer loyalty. Service indicators of customer satisfaction have the greatest influence on customer loyalty. Business in general, especially in the banking world, to increase customer loyalty, one should pay attention to the aspects of corporate image, service quality and customer satisfaction. For corporate image it is in acceptability, while for service quality it is on reliability, as mentioned for customer satisfaction, namely in service, with regard to service speed, security and service convenience.

Keywords : Business, Customer Loyalty, Corporate Image, Service Quality, Customer Satisfaction.

I. INTRODUCTION

Business in the world of banks is always faced with increasingly competitive competition, even in the era of globalization, which requires a bank to find a way out to be able to compete and excel in the competition. The competition in the banking sector in Indonesia is considered to be increasingly competitive for banks. It is hoped that it can improve their ability to reach the market, because the opportunities are still quite large in line with population growth and the non-banking business world. The growth and development of a bank is not only marked by the number of branch offices opened, but it can be seen from the emergence of new products with all kinds of attributes that each bank has such as providing high interest rates, credit guarantees, various prizes, on line facilities, phone banking, automated teller machines (ATMs), and

other facilities. Currently, banks are required to further improve their services, because customers have increased their mobility and needs. To be able to face this kind of competition, banks should provide the best possible service to people who need banking services.

The intense competition in the banking industry demands that banks be able to provide quality services to their customers. Service quality is one of the critical points for the banking industry engaged in the service sector [1]. The flow of thought behind research on corporate image, service quality, customer satisfaction and customer loyalty, as follows ; Company Image, In this it explained that, top banks compete to get and improve their image both in the eyes of the public and the government, this is seen as an asset and strength to gain the trust of various parties [2]. Service Quality, then it is also mentioned : “service quality is one of the important factors for the success of a bank as a company engaged in financial services. Discussing the quality of banking services is currently a homework priority for banks [3]. Customer satisfaction is the main thing that should not be ignored for a company engaged in banking services. Because customer satisfaction is part of the aspect that is important to maintain customer loyalty [4]. Customer Loyalty, in this it explained that : “customer loyalty is the crowning achievement of banking businesses, nasabah satisfied and loyal will not hesitate to be good news disseminators who always spread the goodness of the products and banking services, it will be very disadvantageous if the company just lets go of loyal customers [5].

As has been described, a common thread can be drawn that company image and service quality need attention to create customer satisfaction and loyalty. So then : “improving the quality of service to customers is important in the effort to increase customer satisfaction. This is very important because considering the very large role of customers in contributing to revenue directly or indirectly to support the company's existence”. The development of the banking world today is very fast. The number of competitors makes it difficult for companies to keep customers loyal.

II. LITERATURE REVIEW

Good business is able to manifest high customer loyalty, in this case (Lamb), states that loyalty is an old word that is usually used to describe loyalty and obedience to a country, movement or individual. Loyalty is used in a business context, to describe the willingness of customers to always use the company's products or services in the long term [6]. According to (Alma) that customers who have been loyal provide benefits to the company. Loyal customers are people who: a). Make repeated purchases regularly, b). Mem buy between product lines and services, c). Referring to others, and d). Shows immunity to pull from competitors [1].

According to the thought to (Zeithalm & Bitner), states that loyalty is the degree to which a consumer shows repeated buying behavior from a service provider, has a positive attitude or tendency towards service providers, and only considers using this service provider when there is a need to use this service [8]. A loyal customer is not only a buyer who makes repeat purchases, but also maintains a positive attitude towards the product or service provider. The literally loyal means faithful, or loyalty can be interpreted as a loyalty. This loyalty occurs without coercion, but arises from one's own awareness, and the efforts made to create loyalty are influenced by "corporate image, service quality, and customer satisfaction [2;8].

As the results of research conducted by (Lih sien Chien; Sallaudin Hassan; Putro R. Nur Cahyo; Ha Thu Nguyen), which proves that there is a significant and positive relationship from : “corporate image with customer satisfaction, service quality with customer satisfaction, corporate image with customer loyalty, service quality with customer loyalty, corporate image and service quality with customer loyalty, and corporate image, then service quality and customer satisfaction with customer loyalty [9;10;11;12]. According to (David, R), loyalty is the preference of consumers consistently to make purchases on the same brand on specific products or certain service categories [13]. The level of loyalty consists of four (see figure 1) which includes the following : Premium Loyalty, “occurs when there is a high level of connection and a high level of purchasing goods. At the highest level of preference, people pride themselves on discovering and using certain products or services and enjoy sharing their knowledge with colleagues and family [14]. Hidden loyalty, “a relatively high level of preference combined with a low level of repeat purchases indicates hidden loyalty. When a customer has hidden loyalties, it is situation influence rather than attitude influence that determines repeat purchases [14]. Weak loyalty “low engagement combined with high repeat purchases results in weak loyalty. These customers buy out of habit [11;14]. Without loyalty “attachment to a service combined with a low level of repeat purchases indicates the absence of repeat purchases, which indicates a lack of loyalty [2;14].

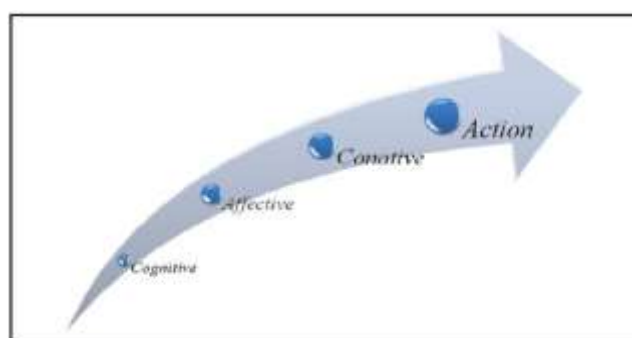


Figure 1. The level of loyalty
Source : Oliver (2007:97)

III. HYPOTHESIS

A hypothesis is an assumption that is made based on some evidence. This is the initial point of any investigation that translates the research questions into predictions. It includes components like variables, population and the relation between the variables. A research hypothesis is a hypothesis that is used to test the relationship between two or more variables. This research is an effort to prove and develop from several parties who have conducted research (Han, C; Selda, E; Qaisar Ali; Dassanayake; Hi Quynh; Maeriyana), as mentioned. So that in this study a model is made which becomes a form pattern for the hypothesis model [14;15;16;17;18;19;20]. Simply put, “the organizer’s image as well as the products and services provided have a direct and close relationship with the exhibitors’ satisfaction response; hence, this study puts forth the following hypotheses ;

H₁: That alleged, “the corporate image (X₁) has a significant and positive effect on customer satisfaction (Y₁) and customer loyalty (Y₂)”.

H₂: There fore, “the service quality (X₂) has a significant and positive effect on customer satisfaction (Y₁) and customer loyalty (Y₂)”.

H₃: For that, “the corporate image (X₁) and service quality (X₂) has a significant and positive effect on customer satisfaction (Y₁)”.

H₄: There is link, “the corporate image (X₁) and service quality (X₂) has a significant and positive effect on customer loyalty (Y₂)”.

H₅: That alleged, “the customer satisfaction (Y₁) has a significant and positive effect on customer loyalty (Y₂)”.

After the data has been collected and analyzed using statistical analysis, answers and evidence will be obtained from the model described in the hypothesis of this study.

IV. METHODOLOGY

The research method used is quantitative [21], the unit of analysis in this research is responden using research variables: Research methods are methods and techniques of a research activity that greatly influence research results [22]. Primary data collection in this study is a questionnaire with a number of 150 bank customers, the sampling is done randomly. After the data was collected, it was recapitulated and tested for validity and reliability, the next step in the analysis was to test the variables studied using multiple linear regression using Statistical Package for Social Sciences (SPSS) version 20, which was followed by path analysis [23].

The results of the instrument test are validation and reliabilty (see table 1), presented it can be seen that for : “Corporate Image (X₁) has a Pearson Correlation (r_{count}) value of 0.652 with Sig. (2-tailed) 0.000 < (α) 0.05 then it is declared valid and has a Cronbach's alpha value of 0.7815 so it is declared reliable. Service Quality (X₂) has a Pearson Correlation (r_{count}) value of 0.780 with Sig. (2-tailed) 0.000 < (α) 0.05 then it is declared valid and has a Cronbach's alpha value of 0.8076 so it is declared reliable”.

Then that, customer Satisfaction (Y₁) has a Pearson Correlation (r_{count}) value of 0.665 with Sig. (2-tailed) 0.000 < (α) 0.05 then it is declared valid and has a Cronbach's alpha value of 0.7889 so it is declared reliable. Customer Loyalty (Y₂) has a Pearson Correlation (r_{count}) of 0.683 with Sig. (2-tailed) 0.000 < (α) 0.05 then it is declared valid and has a Cronbach's alpha value of 0.7905 so it is declared reliable. For later, the instrument test results show the Pearson Correlation (r_{count})value is greater than the standard value r_{table} (3,350) so that the instrument is declared valid with a significant 0,000. The reliability test obtained a Cronbach's Alpha value that was greater than the standard value of alpa 0.600 so that the instrument was declared reliable.

Table 1. Constructs Validation and Reliability

Variable	N	Pearson Correlation	Sig. (2-tailed)	Cronbach's alpha
Corporate Image (X ₁)	96	.652	.000	.7815
Service Quality (X ₂)	96	.780	.000	.8076
Customer Satisfaction (Y ₁)	96	.665	.000	.7889
Customer Loyalty (Y ₂)	96	.683	.000	.7905

Source: Results of data processing by SPSS

Note: *) significant on α = 5%

V. RESEARCH RESULTS

The descriptive analysis (see table 2), on corporate image (X_1) variable has an average value mean of 38.3021 close to the largest value, and variable corporate image is in a good position. For service quality (X_2) variable has an average value mean of 37.3854 which is very close to the largest value so that good service quality variable. For later the analysis, any variable customer satisfaction (Y_1) has an average value mean of 36.00 close to the largest value so that customer satisfaction variabel is good." The variable loyalty custom (Y_2) has an average value mean of 14.3854 close to the largest value so that the customer loyalty is in good condition.

Table 2. The deskriptifstatistikrearc variable

Variable and Indicator	N	Minimum	Maximum	Mean	Std. Deviation
Corporate Image (X_1)	96	26.00	46.00	38.3021	3.6853
Service Quality (X_2)	96	28.00	48.00	37.3854	2.5194
Customer Satisfaction (Y_1)	96	24.00	36.00	30.2604	2.8259
Customer Loyalty (Y_2)	96	10.00	19.00	14.3854	1.8259

Source: Results of data processing by SPSS

Note: *) significant on $\alpha = 5\%$

Results of statistical analysis (see table 3), corporate image (X_1) berpengaruh 56.1% to customer satisfaction (Y_1), variable service quality (X_2) berpengaruh 60.9% to customer satisfaction (Y_1).

Table 3. The influence corporate image (X_1) and service quality (X_2) towards customer satisfaction (Y_1)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.702 ^a	.561	.396	1.37935

a. Predictors: (Constant), X_1
b. Dependent Variable: Y_1

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 ^a	.609	.534	1.36347

a. Predictors: (Constant), X_2
b. Dependent Variable: Y_1

Source: Results of data processing by SPSS

Note: *) significant on $\alpha = 5\%$

For later the analysis (see table 4) so as for corporate image (X₁) berpengaruh 59.4% to customer loyalty (Y₂), untuk service quality (X₂) berpengaruh sebesar 44.7% terhadap customer loyalty (Y₂).

Table 4. The influence variable corporate image (X₁), service quality (X₂) towards customer loyalty (Y₂) and he influence corporate image (X₁), service quality (X₂) towards customer satisfaction (Y₁) and customer loyalty (Y₂)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769 ^a	.594	.412	1.83519
a. Predictors: (Constant), X1 b. Dependent Variable: Y2				

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603 ^a	.447	.366	1.83503
a. Predictors: (Constant), X2 b. Dependent Variable: Y2				

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854 ^a	.724	.527	1.60484
a. Predictors: (Constant), X1, X2 b. Dependent Variable: Y1				

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 ^a	.659	.488	1.44582
a. Predictors: (Constant), X1, X2 b. Dependent Variable: Y2				

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.705	.519	1.51235
a. Predictors: (Constant), Y1 b. Dependent Variable: Y2				

Source: Results of data processing by SPSS

Note: *) significant on $\alpha = 5\%$

The further analysis proved (see table 4), corporate image (X₁) and service quality (X₂) effect level 72.4% to customer satisfaction (Y₁). Variable corporate image (X₁) and

service quality (X_2) give the effect of 65.9% to customer loyalty (Y_2), and there is influence from customer satisfaction (Y_1) sebesar 70.5% to customer loyalty (Y_2).

Based on the statistical results (see table 5), that for H_1 : variable corporate image (X_1) has a significant and positive effect on customer satisfaction (Y_1) with a Beta value 0.277 and t_{count} value 4.464 significant $0.000 < p_{value} 0.05$. So that the corporate image with the indicators in it gives a high enough significant influence on customer satisfaction. For later H_2 : service quality (X_2) has a significant and positive effect on customer satisfaction (Y_1) with a Beta value 0.354 and t_{count} value 5.305 significant $0.000 < p_{value} 0.05$. So that service quality with the indicators in it gives a high enough significant influence on customer satisfaction. Any the H_3 : corporate image (X_1) has a significant and positive effect on customer loyalty (Y_2) with a Beta value 0.105 and t_{count} value 3.263 significant $0.000 < p_{value} 0.05$. So that the corporate image with the indicators in it has a high enough significant influence on customer loyalty. And the hypothesis H_4 : service quality (X_2) has a significant and positive effect on customer loyalty (Y_2) with a Beta value 0.166 and t_{count} value 4.344 significant $0.000 < p_{value} 0.05$. So that the corporate image with the indicators in it gives a high enough significant influence on customer loyalty. And the for later to hypothesis H_5 : customer satisfaction (Y_1) has a significant and positive effect on customer loyalty (Y_2) with a Beta value 0.490 and t_{count} value 8.194 significant $0.000 < p_{value} 0.05$. So that customer satisfaction with the indicators in it provides a high enough significant influence on customer loyalty.

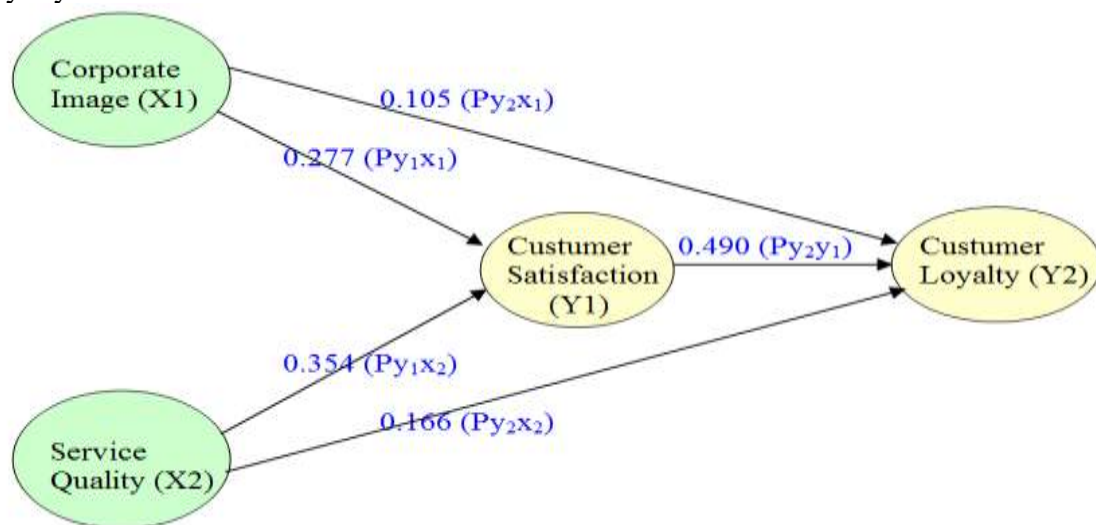


Figure 2: Research Development Findings Model
Source: Results of data processing

The results of research have proven and developed previous research conducted by (Han, C; Selda, E; Qaisar Ali; Dassanayake; Hi Quynh; Maeriyana), as mentioned. So that in this study a model (see figure 2) is made which becomes a form pattern for the hypothesis model [14;15;16;17;18;19;20]. So that this research gets the model as presented, "Acceptability of corporate image has a big effect, for service quality there is reliability, while for the one that has the biggest or most dominant influence is service from the customer satisfaction variable. Thus, customer loyalty can be developed and maintained by paying attention to the main aspects, namely the dimensions of service, then reliability and acceptability".

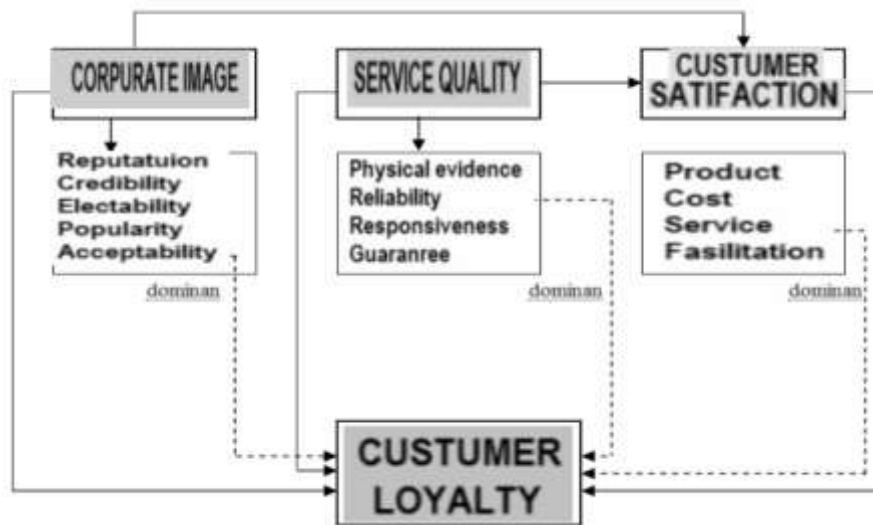


Figure 3. Model Recommendations for Research Findings
Source : primary data is processed (2020)

VI. CONCLUSION

Characterized corporate image as "the consumers' associations arising from corporate activities related to public affairs, literature and arts, social welfare, and so on. Corporate image in this manner is the consumers' general evaluation of the organization. Viewed corporate image as one of the strategic assets that lead to a competitive advantage as well encouraging conditions for long survival and organization development. In business field, the researches exposed crucial part for corporate image in consumption behaviors for customers in products or services enterprises. In the business field, the researches have exposed crucial part for corporate image in consumption behaviors for customers in products or services enterprises. Corporate image is significantly associated with customer loyalty in various industries like education and telecommunication in multiple areas. Another investigator debated that corporate image is a backbone for the organizations to broaden their profits, to be survive in the competition, winning new customers, expanding their market values. Recent studies concluded the considerable effect of corporate image to customer loyalty.

Customer satisfaction is one of the strategies to win the competition, this causes more business entities involved in their efforts to place an orientation on customer satisfaction. Customer satisfaction is a person's feelines of pleasure or disappointment resulting from comparing a product perceived performance or outcome in relation to his or her expectations. Customer satisfaction is the level of one's feelings after comparing the benefits or values that he feels compared to his expectations. Customer satisfaction is very important for the success of a business entity, as stated by satisfied customers are absolutely vital to bussiness success.

Service quality is one of the important antecedents of customer loyalty which has an impact on customer loyalty. It is also considered as a prerequisite for satisfying and retaining the valued customers and also identified as an antecedent of sustainable competitive advantage. Therefore, this is an attractive area for researchers over the last decade, especially in the banking sector Even, there are a number of researches that investigate the relationship between service quality and customer loyalty in different industries across the globe, there is not that much of importance given to the researches on customer loyalty.

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