The Effect Of Customer Value And Customer Relation On Customer Satisfaction And Its Impact On Customer Loyalty In Bank Aceh Syariah Sigli

*Taufiqurrahman, Permana Honeyta Lubis and Sorayanti Utami
Management Department, Universitas Syiah Kuala, **Indonesia**

Abstract

The purpose of this study is to find out the factors that affect customer loyalty. The variables of this research are customer value, customer relations, customer satisfaction and customer loyalty. Theobject is the customers of Bank Aceh Syariah in Branch of Sigli, Indonesia. The sample taken is 200 customers as respondents Data analysis equipment used in structural equation modeling (SEM) analysis with the help of the Amos program. This research results the proofs that the Customer value effects customer satisfaction, Customer relation affects customer satisfaction, Customer value affects customer loyalty, Customer relation affects customer loyalty, Customer satisfaction affects customer loyalty, Customer satisfaction mediates the effect of customer value on customer loyalty, Customer satisfaction mediates the effect of customer relation on customer loyalty. These all proofs contribute to the academic area, which can be the updates of causality theories. The model also can be useful for the practical people, especially for the object of this this research. The limitation of this research is in the amount of variables and with one object. The novelty lies in the integration theories from the previous ones.

Keywords: Customer Value, Customer Relationship, Customer Satisfaction and Customer Loyalty.

1. Introduction

In order to increase trust and better loyalty to each customer in accordance with Islamic principles, Bank Aceh since September 25, 2016 has converted from conventional systems to sharia systems. This is to fulfill the demands of the Acehnese people for the presence of Islamic banks in a province that implements Islamic law.

Customer satisfaction at Bank Aceh Syariah (herein after referred to as Bank Aceh) is one of the factors that can affect the level of loyalty of banking customers in using the services provided by Bank Aceh to their customers. The fact that customer satisfaction is still low can be seen from the level of service received still unable to satisfy customers, such as customers having to queue for tellers and customer service for a long time, causing customer boredom and dissatisfaction with Bank Aceh which is still considered the same as other banks.

Low customer satisfaction will have a positive impact on decreasing customer loyalty in using the services provided. (Christian & Dharmayanti, 2013) stated that low customer satisfaction is one of them caused by the quality of services provided. In his research, Diah stated that the Surabaya Branch of Mandiri Bank Savings which was still unsatisfactory for its customers or the services provided were still relatively low. Then A (Rao & Sharma, 2010) state that from the level of customer transfers from one bank to another which is still high or

customers who still have multiple accounts between Islamic banking accounts and conventional banking. Then related to Bank Aceh, the low customer satisfaction is also caused by the level of customer trust in Bank Aceh which is considered to still have in common with the implementation of the system in conventional Bank Aceh or the customer mentions that there is no difference from the angle of service received. The only visible difference is the use of the names of products that use the term sharia.

This also applies to Bank Aceh, where the level of competition between Bank Aceh in order to retain its customers must also be carried out, due to the growing banking growth in Sigli City.

"Increasing competition and rapid banking deregulation have led the banking services business to find profitable ways to differentiate themselves against competitors who are increasingly increasing." One of the strategies carried out by banks both national and regional levels such as Bank Aceh can support the success of the banking business is to always strive to provide high quality services. "To find out the performance of the banking sector, it can be seen from the quality of services that exist. the more rapid competition, the superiority of products now makes the banking sector compete with each other in offering the advantages of their respective products. Product excellence is obtained by finding the overall expectations of customers, increasing the value of products or services in order to meet customer needs ".

"The value of customers can influence the impact of customer satisfaction, therefore the management of service companies must work hard in order to produce quality products and satisfying services, so that it can facilitate companies to market these products. According to (Wahyuningsih, 2004), customer value is the difference between the total benefits obtained by customers or consumers with total sacrifices made ". The customer value intended in this study is the value felt by Bank Aceh Sigli customers who loyal customers are in use the services and services of the Bank Aceh Syariah Sigli.

In the world of services, banks will always be faced with various problems that must be faced, including such as the level of customer trust (trust), customer satisfaction (satisfaction), and improving service quality. (Christian & Dharmayanti, 2013) described customer trust as an effort to maintain the commitment of customers or consumers in difficult times. (Palilati, 2004) explained that satisfaction is obtained based on experiences experienced by customers or consumers, and the results can be felt by customers or consumers in the future.

The background of this research is the low customer loyalty in using Bank Aceh services. This can be seen by the inconsistency of some customers who still like to move from one bank service to another bank service. The low customer loyalty was triggered by the low quality of services provided by Bank Aceh, especially in providing services to customers as well as a low level of public trust or customers towards the role of Bank Aceh in marketing banking products. In addition, the low customer loyalty is also influenced by the level of customer satisfaction which is still below expectations. The low customer satisfaction of Bank Aceh can be seen from the service and quality of products that are considered still the same as other bank products.

The initial research was carried out for the purpose of obtaining preliminary information, before continuing further to map the problem. The low level of customer loyalty is also strongly influenced by the existence of trust and the low level is mainly related to the service system both through customer service and ATM services. The initial survey found that in Bank Aceh Syariah in Sigli branch, we can say itu Bank Aceh Syariah Sigli, the customers still have low level of loyalty.

2. Literature Review

Consumer Loyalty

Customer loyalty is the main key in the service business world because loyalty has a "strong and positive relationship between customers and service providers". Customer Loyalty shows that loyal customers are very likely to use the same services even though there are many other alternative service providers available, they will more often use the services they choose, not just using it but customers will disseminate positive information regarding services they use (WOM), and even loyal customers are less concerned about the amount of service that is done to get services from their chosen service provider (Mittal & Lassar, 1998); (Zeithaml, Bitner, & Gremler, 2018); (Kuo, Chang, Cheng, & Lai, 2012). This situation shows that service providers that focus on customer loyalty can benefit, including economic benefits such as reducing advertising costs and increasing the income and profitability of organizations or companies (Kuo et al., 2012); (Kaur & Diljit, 2011); (Mittal & Lassar, 1998); (Zeithaml et al., 2018).

Customers who have loyalty will not be easily influenced by lower prices than other service providers, and even "they will more often use services from the same company compared to customers who are not so loyal (Rubinson & Baldinger, 1996). Loyalty refers to the commitment of consumers to buy and reuse preferred products and services consistently in the future (Arsyad, 2016) ". (Zeithaml et al., 2018) explained that one method of measuring loyalty is by looking at the number of customers who continue to buy or use services from companies because the products produced are positive for them. Therefore customer loyalty is defined as an attitude and behavior of consumers towards the goods and services they use (Baumann, Elliott, & Hamin, 2011). There are two dimensions that can measure customer loyalty, namely Attitudinal Loyalty and Behavioral Loyalty. Loyalty attitude shows the emotional and psychological state of the customer to buy back and recommend it to others. Whereas behavioral loyalty refers to the behavior of customers to repurchase, because of their wants and preferences for certain products and services (Reichheld, 1993).

The concept of customer loyalty is understood as a combination of customer attitudes and behavior in making repeated purchases of products and services used. This is evident through the willingness of customers to recommend products and services to others and make repeat purchases. "When customers feel satisfied, they will maintain and be loyal to the product or service used", and they will pass word of mouth (WOM) to people they know to invite them to use the same products and services (Arsyad, 2016).

Customer Ssatisfaction

"Customer satisfaction is a factor that determines the success and long-term competitive advantage of a company" (Ojo, 2010). Consumer dissatisfaction with products or services tends to change their attitude to switch from the product or service (Bayraktar, Tatoglu, Turkyilmaz, & Zaim, 2012). "Customer satisfaction has been proven to be an effective post-purchase evaluation of providers of products or services" (Deng, Lu, Wei, & Zhang, 2010); (Pantouvakis, 2010).

Customer satisfaction is an evaluation of the overall customer experience with the product or service provided by the company (Anderson & Sullivan, 1993). When customer expectations have exceeded, fulfilled or not met, then we can measure the level of customer satisfaction. Satisfaction is the consumer's perception of purchasing from the difference between expected value and transaction acceptance (Mbuthia & Thaddaeus, 2015). (Parasuraman, Zeithaml, & Berry, 1988) define customer satisfaction as an evaluation of customers of products or services in terms of whether the product or service has met their needs and expectations. After making a purchase consumers evaluate the entire product or service whether they are satisfied or not satisfied. In the context of services, Asuncion et al. (2004) concluded that customer satisfaction is a key factor that influences customer loyalty.

In a study by (Cronin & Taylor, 1992), experience was said to have a significant value to make intention to repurchase. Research by (Sun & Kim, 2013) also agreed with this idea and found that if customers were satisfied with current services, the company also had a tendency to maintain customer improvement patterns and at the same time be able to attract new customers to use their services.

Customer Value

(Harjati, 2003) stated that customer value is "the customer's perception of what they want to happen, namely the consequences of the product / service offered to meet their needs, in a specific situation. A brand that is superior among other brands will occupy the first position in the minds of consumers and is the brand that is most easily remembered by consumers. This is very beneficial because if consumers make a purchase, the most memorable brands that will be first considered will be chosen.

According to (Kotler & Armstrong, 2008), which is intended by customer value "is the difference between the value obtained by consumers after owning and using products or services with costs that must be sacrificed to obtain these products".

"Value obtained by consumers is not solely concerned with quality, high quality products that are only sold at high prices will not be accepted as products with high value if the service provided is not satisfactory, so too with low-quality products sold at low prices but providing satisfactory services to eat these products, it will not necessarily be accepted as a product with a low value."

Customer delivered value (value received by the customer) is "the difference between total customer value (total value for customers) and Total customer cost (total customer cost). Total customer value (number of values for customers) is a set of benefits that customers expect from certain products or services. Total customer cost (total customer cost) is a collection of sacrifices given by customers will occur in evaluating, obtaining and using the product or service ".

"Simply put, a consumer will be satisfied if in consuming a product he gets a positive customer value, a positive customer value indicates that a product is well received by consumers, in the sense that consumers feel that they benefit from the product (perceived benefit) which is greater than the cost that must be spent to consume the product (perceived cost). Conversely, negative customer value indicates that consumers tend to be dissatisfied with the product.

Customer Relationship

Customer relations by several experts are considered as a solution that is able to understand, study and answer business challenges for now. According to (Gordon, 2010) "Customer relations as a series of strategies and processes that support and implement the relationship vision for the company. In their eyes, customer relationships are a set of strategies and processes that create new and mutually beneficial value for individual customers, build preferences for their organizations and improve business results for a lifetime of relationships with their customers. "

According to (Kotler & Keller, 2018), "Customer relations is the process of managing detailed information about each customer and carefully managing all" touch points "of customers to maximize customer loyalty".

The application of customer relations or what is known as "good and quality customer relationship management will yield superior performance in terms of company performance based on the results of the creation of a relationship between the company and the customer, but currently there is still a debate about it". (Gordon, 2010).

Consumer Trust

A complete understanding of "consumer decisions cannot be obtained without an explanation of trust in a brand (trust in a brand) and how it relates to a banking election decision. In industrial marketing, researchers have found that trust in sales and suppliers is the source of someone's decision to make a purchase ".

According to (Lau & Lee, 1999), "there are three factors that influence brand trust. These three factors relate to the three entities included in the relationship between brands and consumers. The three factors are the brand itself, brand companies, and consumers ".

Furthermore (Lau & Lee, 1999) propose that "trust in the brand will lead to a person's decision to make a purchasing decision".

Hypothesis

For this research, hypotheses that are build by authors can be seen as follows.
H1: Customer value effects customer satisfaction,
H2: Customer relation affects customer satisfaction,
H3: Customer value affects customer loyalty,
H4: Customer relation affects customer loyalty,
H5: Customer satisfaction affects customer loyalty,
H6: customer satisfaction mediates the effect of customer value on customer loyalty,
H7: customer satisfaction mediates the effect of customer relation on customer loyalty.

3. Research Method

This research is conducted at Bank Aceh Syariah Sigli. The object is its customers, while the variables are customer value, customer relations, customer satisfaction and customer loyalty. Population is a collection of all events or group members (Saunders, Lewis, & Thornhill, 2015) which refers to the aggregate or totality of all objects, subjects or certain members (Polit & Hungler, 1999) which are divided into several characteristics (Zikmund, Carr, Griffin, & Babin, 2013). In this study the population used is customers of Bank Aceh Syariah Sigli as many as 14,606 customers.

The sample is a sub-set / sub-group or part of a larger population (Zikmund et al., 2013); (Saunders et al., 2015). "This study does not use the entire population, because to generalize it is sufficiently represented by some members of the population called samples. Sample is taken because it was not possible for researchers to examine all members of the population. The sample taken is as much as 200 customers as respondents to fit the SEM requirement.

After conducting data collection, the next is analyzing these data by using methods that can help in processing, analyzing, and interpreting the data. Data analysis method is a method used to process research results in order to obtain a conclusion . By looking at the theoretical framework, "the data analysis technique used in this study is quantitative analysis using the SEM (Structural Equation Modeling) model or the Structural Equation Model with the AMOS and SPSS program".

4. Result And Discussion

The Effect of Customer Value on Customer Satisfaction

Adequate customer value will have an influence on customer satisfaction in utilizing the services of the bank.. "In this study the estimation parameter for testing the effect of customer

value on customer satisfaction shows a CR value of 2.336 and a probability of 0.008. Thus it can be concluded that the customer value provided by bank. has an effect on customer satisfaction.

The Effect of customer relation on customer satisfaction

The principle of customer relation adopted by bank in providing pawn services to its customers is one indicator that can affect the level of customer satisfaction. "The estimation parameter for testing the effect of customer relations on customer satisfaction shows a CR value of 2.745 and a probability of 0.023. The two values obtained meet the requirements for acceptance H1, which is a CR value of 2.745 which is greater than 1.96 and a probability smaller than 0.05 ". Thus it can be concluded that the value of customer relations at the bank influences customer satisfaction

The Effect of Customer Value on Customer Loyalty

A good customer value will have an impact on increasing customer satisfaction and will have an impact on increasing customer loyalty. "The estimation parameter for testing the effect of customer value on customer loyalty shows a CR value of 2.078 and a probability of 0.042. Both of these values are obtained fulfilling the conditions for acceptance of H5, namely the CR value of 2.078 which is greater than 1.96 and a probability smaller than 0.05 ". Thus it can be concluded that the customer value provided by the bank at the region has an influence on increasing customer loyalty.

The Effect of Customer Relation on Customer Loyalty

The principle of customer relations applied by pawnshops to its customers and the existence of "sharia principles in the mortgage system will have an influence in increasing customer loyalty, because customers will feel comfortable that all transactions carried out are halal in accordance with the principles of Islamic law applicable in Aceh ".

The Effect of Customer Satisfaction on Customer Loyalty

Customer satisfaction in utilizing pawnshops will provide the level of satisfaction expected by the customer. "The estimation parameter for testing the effect of customer satisfaction on customer loyalty shows a CR value of 2,343 and a probability of 0,022". Thus it can be concluded that customer satisfaction will affect customer loyalty at the bank.

Indirect Effect

From the result above, the strength of the biggest relationship is shown by how the customer value variable with a coefficient of 0.264 and customer relations affects the variable customer satisfaction with a coefficient number of 0.505. This means that every time there is an increase in 1 variable, customer relations numbers exclude Innovative variable performance by 30%.

Indirect relationship between customer value variables to variables Customer loyalty is 0.011. "When compared with the direct effect as stated earlier, this indirect effect has a smaller coefficient number. This means that increasing customer loyalty will be better done by increasing customer value directly without including customer satisfaction variables. "

The strength of the relationship indirectly between customer relationship variables to

customer loyalty variables is 0.061. When compared with the direct effect as stated earlier, this indirect effect has a smaller coefficient number. "This means that increasing customer loyalty will be better done by increasing the value of customer relations directly without including the customer satisfaction variable.

5. Conclusion

This research results the proofs that the Customer value effects customer satisfaction, Customer relation affects customer satisfaction, Customer value affects customer loyalty, Customer relation affects customer loyalty, Customer satisfaction affects customer loyalty, Customer satisfaction mediates the effect of customer value on customer loyalty, and Customer satisfaction mediates the effect of customer relation on customer loyalty. These all proofs contribute to the academic area, which can be the updates of causality theories. The model also can be useful for the practical people, especially for the object of this this research. The limitation of this research is in the amount of variables and with one object. The novelty lies in the integration theories from the previous ones.

Some views recommend to the object. The bank should improve more professional services, especially for responsiveness sub-variables because they are still perceived poorly by customers. Other, the bank branch must be able to increase customer loyalty, especially by prioritizing aesthetics in providing services to every customer. The bank also needs to make concrete efforts, that transactions that occur in accordance with sharia principles.

References

1) Anderson, E. W., & Sullivan, M. W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, *12*(2), 125–143. Retrieved from https://www.jstor.org/stable/184036

2) Arsyad. (2016). *Pengaruh Customer Relationship Marketing, Keunggulan Produk Dan Nilai Nasabah Terhadap Kepuasan Dan Loyalitas Nasabah Bank Riau Syariah Pekanbaru*. Universitas Riau.

3) Baumann, C., Elliott, G., & Hamin, H. (2011). Modelling customer loyalty in financial services: A hybrid of formative and reflective constructs. *International Journal of Bank Marketing*, *29*(3), 247–267. https://doi.org/https://doi.org/10.1108/02652321111117511

4) Bayraktar, E., Tatoglu, E., Turkyilmaz, A., & Zaim, S. (2012). Measuring the efficiency of customer satisfaction and loyalty for mobile phone brands with DEA. *Expert Systems with Applications*, *39*(1), 99–106. https://doi.org/https://doi.org/10.1016/j.eswa.2011.06.041

5) Christian, A., & Dharmayanti, D. (2013). Pengaruh Experiential Marketing Terhadap Customer Satisfaction dan Customer Loyalty The Light Cup di Surabaya Town Square. *Jurnal Manajemen Pemasaran Petra*, *1*(2), 1–13.

6) Cronin, J. J., & Taylor, S. A. (1992). easuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, *56*(3), 55–68. https://doi.org/10.2307/1252296

7) Deng, Z., Lu, Y., Wei, K. K., & Zhang, J. (2010). Understanding customer satisfaction and loyalty: An empirical study of mobile instant messages in China. *International Journal of Information Management*, *30*(4), 289–300. https://doi.org/https://doi.org/10.1016/j.ijinfomgt.2009.10.001

8) Gordon, R. (2010). The Community-Connection Experience. In A. Peck & E. C. Malthouse (Eds.), *Medill on Media Engagement* (pp. 111–126). Hampton Press.

9) Harjati, L. (2003). Tidak Cukup Hanya Kepuasan Pelanggan Diperlukan Nilai Pelanggan Untuk Survival. *Jurnal Ekonomi Perusahaan*, *10*(1), 37–55.

10) Kaur, K., & Diljit. (2011). Antecedents of customer loyalty : Does service quality suffice 1 ? *Malaysian Journal of Library & Information Science*, *16*(2), 95–113.

11) Kotler, P., & Armstrong, G. (2008). *Prinsip-prinsip Pemasaran* (12th ed.). Jakarta: Erlangga.

12) Kotler, P., & Keller, K. L. (2018). *Marketing Management, Global Edition* (15th editi). Harlow, United Kingdom: Pearson.

13) Kuo, N.-T., Chang, K.-C., Cheng, Y.-S., & Lai, C.-H. (2012). How Service Quality Affects Customer Loyalty in the Travel Agency: The Effects of Customer Satisfaction, Service Recovery, and Perceived Value. *Asia Pacific Journal of Tourism Research*, *18*(7), 1–20. https://doi.org/10.1080/10941665.2012.708352

14) Lau, G. T., & Lee, S. H. (1999). Consumers' Trust in a Brand and the Link to Brand Loyalty. *Journal of Market-Focused Management*, *4*(4), 341–370.

15) Mbuthia, M. G., & Thaddaeus, E. (2015). Validating Customer Loyalty Model Using Structural Equation Modelling in a Kenyan Hospital. *Open Access Library Journal*, *2*(4), 1–11. https://doi.org/10.4236/oalib.1101213

16) Mittal, B., & Lassar, W. M. (1998). Why Do Customers Switch? The Dynamics of Satisfaction. *Journal of Services Marketing*, *3*(3), 177. https://doi.org/10.1108/08876049810219502

17) Ojo, O. (2010). The Relationship Between Service Quality and Customer Satisfaction in the Telecommunication Industry: Evidence From Nigeria. *BRAND. Broad Research in Accounting, Negotiation, and Distribution*, *1*(1), 88–100.

18) Palilati, A. (2004). Pengaruh Tingkat Kepuasan Terhadap Loyalitas Nasabah Tabungan Perbankan Di Wilayah Etnik Bugis. *Analisa*, *1*(2), 65–74.

19) Pantouvakis, A. (2010). The relative importance of service features in explaining customer satisfaction: A comparison of measurement models. *Journal of Service Theory and Practice*, *20*(4), 355–387. https://doi.org/10.1108/09604521011057496

20) Parasuraman, A. P., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-Item Scale for measuring consumer perceptions of service quality. *Journal of Retailing*, *64*(1 Spring), 12–40.

21) Polit, D. F., & Hungler, B. P. (1999). *Principle and Method* (6th ed.). New York: Lippincott.

22) Rao, S., & Sharma, R. K. (2010). Bank Selection Criteria Employed by MBA Students in Delhi: An Empirical Analysis. *SSRN Electronic Journal*, *1*(2), 56–69. https://doi.org/http://dx.doi.org/10.2139/ssrn.1597902

23) Reichheld, F. F. (1993). Loyalty-Based Management. *Harvard Business Review*, *71*(2), 64–73.

24) Rubinson, J., & Baldinger, A. L. (1996). Brand Loyalty: The Link between Attitude and Behavior. *Journal of Advertising Research*, *2*, 84–97.

25) Saunders, M. N. K., Lewis, P., & Thornhill, A. (2015). *Research Methods for Business Students* (7th ed.). United Kingdom: Pearson Education Limited.

26) Sun, K.-A., & Kim, D.-Y. (2013). Does customer satisfaction increase firm performance? An application of American Customer Satisfaction Index (ACSI). *International Journal of Hospitality Management*, *35*, 68–77. https://doi.org/https://doi.org/10.1016/j.ijhm.2013.05.008

27) Wahyuningsih. (2004). *"Customer Value: Concept, Operationalization and Outcome, Manajemen Usahawan Indonesia*. Jakarta: Usahawan.

28) Zeithaml, V., Bitner, M. J., & Gremler, D. (2018). *Services Marketing: Integrating Customer Focus Across the Firm* (7th ed.). New York: McGraw-Hill.

29) Zikmund, W. G., Carr, B. J. B. J. C., Griffin, M., & Babin, B. J. (2013). *Business research methods* (9th ed.). United States: South-Western College Pub.