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Research paper

Building Customer Loyalty

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Abstract

The purpose of this research is to know marketing communications, banking in Indonesia for the debtor of credit of middle and small enterprise (MSE). Knowing credit debtor relationship of MSE woke up by banking in Indonesia. Knowing the influence of marketing communications and debtor relationship to the credit loyalty of MSE banking in Indonesia. Method of Research used are method of descriptive and explanatory survey. Unit analysis is credited debtor of MSE credit at banking in Indonesia of the size sample equal to 257 MSE. The tools of analysis in this research are structural equation model (SEM). Finding of this research is that debtor relationship and marketing communication have an effect on credit debtor loyalty of MSE, but debtor relationship of MSE has dominant effect. A novelty in this research is MSE debtor at banking in Indonesia has rarely been researched in previous studies. The contribution of this research is the debtor relationship is very important for building debtor loyalty of banking in Indonesia, especially the sustainability of the payment of installment.

Keywords: *Marketing Communications; Customer Relationship; Customer Loyalty*

1. Introduction

In accordance with its function bank as a business entity who runs the role of intermediation, credit distribution is one of the dominant the business of a bank. Hence, no wonder when interest income credit be a source of income largest banks. Credit as business activities main banking always containing risk relatively large. The credits are not smoothly or credit problematic (the problem loan and losses due the provision of credit (loan losses) is credit risk, that will affect the soundness bank and reduced interest income credit they should have.

Slowness credit distribution growth, especially credit to SME and the low loan to deposit ratio shows that the function of banking, including the national bank in Indonesia as an institution is not optimum intermediation, and emergence of credit not smoothly allegedly caused customers of SME credit yet loyal against national banks in Indonesia, so that customers of SME credit not fulfill their obligations in accordance with a promised, this is pointed out because credit recipients micro and small entrepreneurs relationship who built bank Indonesia country is still less perception properly by actors of SME, it is seen in the small number of loans given by banks of national in Indonesia in SME, because it is predicted communication markets tend to be right. Hence problems as described above about of SME credit, the national banks in Indonesia are facing a real challenge in channeling credits to seems actively.

2. Page Layout

In business, of marketing communications is very important, which is part of marketing mix. Because being it to defend customers and attract customers who are new, the corporation usually communicating marketing suitable to the character customers the target(Kotler, Keller, Brady, Goodman, & Hansen, 2016).

(Chukwuma, 2016) said that of marketing communications will determine the outcome that is the business performance of covering customer loyalty, so that have an impact on customer loyalty. Similarly (Shamout, 2016) said the promotion will encourage consumers to buy repeated.

(Clow, 2004) integrated marketing communication (IMC) is the coordination and integration of all marketing communication tools, avenue, and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. (Clow, 2004) IMC is the foundation (mission and market targeting), advertising tools (money, media, and massage), promotional tools (mix), and integrated tools (measurement and marketing by online). So IMC include 8M (mission, market target-

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ing, money, media, massage, mix, measurement, and marketing by online).

Mix according to(Clow, 2004) is a mix of promotion tools (include advertising, personal selling, sales promotion, public relation, and direct selling) as a indicators of integrated marketing communication, but advertising tools have the others indicator, because an advertising in mixed already mingle with the elements of traditional promotion the others , while advertising tools is advertising in separate among those elements are integrated that affects on customer loyalty. The same applies to the concept of customer relationship is to maintain loyalty that customers would happened a relationship with customers who sustainable.

Abtin and Pouramiri (Abtin & Pouramiri, 2016) Expressing the five principles in the implementation of the marketing relations of customers that is :

1) Place the market as direction of the marketing.

2) Marketing is a market creation not market share.

3) Marketing is problems process and promotion tactical.

4) Marketing is quantitative and not qualitative.

5) Marketing is everyting task.

Abtin and Pouramiri (Abtin & Pouramiri, 2016) customers relationship having two important element, namely trust and commitment. Customer relationship will be create a trust and commitment customers, and eventually loyalty customers could build.

According of a whole the framework of the same, so formulated paradigm entanglement communication marketing and customers relationship and implications of customer loyalty, Can be described as follows :

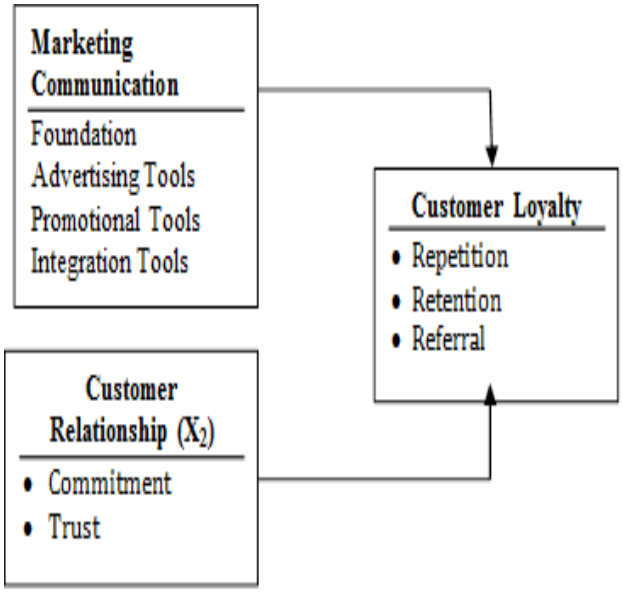


Figure.1: Model for Paper

3. Methodology/Materials

Object of research is variable free in this research is of marketing communications which includes the foundation (mission and market targeting), advertising tools (money, media, and message), promotional tools (mix), and integrated tools (measurement and marketing by online). Customers relationship, which include commitment of customers and trust of customers. By one that dependent variable is customer loyalty which includes repetition, retention, referral

The nature of this research is descriptive and explanatory. Descriptive research is research that aims to obtain a description of the attributes of variables. The nature of the research of explanatory basically wanted to test the truth of a hypothesis which is implemented through data collection in the field. Where in this research will be tested whether marketing communications and customer relationship on customer loyalty. Given the nature of this research is descriptive and explanatory are implemented through data collection in the field, then the research method used is descriptive survey method and the method of explanatory survey.

The survey has been realized on a sample of 257 SMEs belonging to the all sector in West Java Indonesia. These SMEs differ in terms of SMEs owner.

4. Results and Findings

4.1 Descriptive Analysis

The responses were analyzed using both descriptive statistics for general information of the enterprises and inferential statistics for questions on the integrated marketing communication, customer relationship, and customer loyalty (by means of the 16th version of SPSS Software) to generate hypotheses and validate the results observed.

Table 1. Descriptive Analysis Result

No.	Indicators	Score
1.	The accuracy of purpose to promote	117
2.	The level of accuracy in selecting the market of subjects in designing promotions programs	123
3.	Cost of SME customers credit in obtaining information about the loans program at national bank in Indonesia	118
4	The accuracy of media used	118
5.	Clarity a message received customers MSE's credit	118
6.	The effectiveness of promotion overall received by customers of local MSE credit.	119
7.	Clarity information about the program of credit at a bank Indonesia country through the internet (online system)	120
8.	The accuracy of bank in Indonesia country for measuring promotions activity	117
	Score Total	950
	Score Average	118.75

Based on table 1 above , it appears that indicators that have a score of the largest accuracy in selecting market of subjects in designing promotions programs, it means customers of MSE credit response to that bank in Indonesia country enough to afford to choose market of the targets, although is not yet optimal. While the score smallest is indicators the accuracy of bank in Indonesia country in measuring promotions activity, it means bank in Indonesia country is less evaluate upon an promotions activity, so that it is considered doesn't know how big the results of promotion done affect the increase the number of customer of MSE credit .

Also as a descriptive analysis, Credit SME's customer relationship who built by the national banks in Indonesia often communicate with customers of MSE's credit, always build confidence customers in reputation of the national banks in Indonesia and

often build confidence customers to the bank in Indonesia country compared to other banks.

4.2. Inferensial Analysis

To uncover the influence of a variable or set of variables against other variables, can be used path analysis that have been developed Sewall Wright. On analysis of the line is the magnitude of the influence of a variable against other variables, either directly or indirectly. Before taking the decision on the magnitude of the influence of a variable against other variables, hypothesis testing is done in advance, either overall or test parsialally.

To see if variable free namely communication marketing (X_1) and customer relationship (X_2) simultaneously impact on customer loyalty of MSE credit (Y) , was conducted using path analysis and software that used is SPSS release 18. As for a move made is measuring the correlation across variable , so obtained as table 2 below .

Tabel 2. Correlation Matrix

	X1	X2
X1	**1,000**	**0,403**
X2	**0,403**	**1,000**

Based on the table 2 above is correlation matrix between variables that shows the magnitude of the relationship between fellow independent variable. The proportion of lane to diagram is two independent variables (X) that have the relations between variables, and each independent variable (X), as well as relations outside of variable (X) residue on dependent variables (Y).

Based on the theory that there a positive influence between marketing communication and customers relationship to customer loyalty of MSE credit bank in Indonesia, will next test hypotheses overall the forms as follows :

1.The testing of simultaneously hypotheses

To see if independent variable, namely marketing communication (X_1) and customer relationship (X_2) simultaneously impact on customer loyalty of MSE credit national banks in Indonesia (Y) , where statistics hypothesis can be expressed in the form of as follows:

Ho : ρyx1=ρyx2= 0.

Marketing communications (X_1), customer relationship (X_2) simultaneously not affect on customer loyalty of MSE credit national bank in Indonesia (Y) .

H1 : At least there is a ρyxi ≠0

Marketing communications (X_1), customers relationship (X_2) simultaneously influences on customer loyalty of MSE credit national bank in Indonesia (Y). The testing of hypotheses was through statistics the F, with the received (Ho) if F value < F table, received (H_1) if F value > F table From scratch uses software SPSS the results: as follows :

Tabe 3 The testing of simultaneously hypotheses

Hypotheses	F value	Sig. Level (5%)	Result
(X_1, X_2) as simultaneously effect on Y	7,548	0,001 <0,05	Significant

Based on the results of these calculations, it turns out that F value of 7.458 with sig level 0,001 smaller than 0.05, so that hypothesis received or Ho rejected. Means testing partial by hypothesis can continue to do is :

2) The testing of hypotheses in partial

Testing a partial done when testing simultaneously refuse hypothesis zero means at least one coefficient lines not equal to zero. Testing is used to know or test the effects of several independent variables is a partial significant or not. Because testing overall produce the significant, so the following analysis done by testing a partial :

H_o = ρyxi =0

H_1 = ρyxi > 0

Statistics test to every hypotheses

$$t_{0i} = \frac{p_{YXi}}{\sqrt{\frac{\left(1 - R^2_{X_1X_2X_3}\right) Cr_{ii}}{n - k - 1}}} \quad , i = 1, 2, 3$$

Reject H_o, If $t_{value} > t_{1-\alpha\ (n-k-1)}$

Table 4: hypotheses Testing X_1,X_2 on Y

Standardize Coefficient		Sig. Level	Compare 0,05	Result
ρyx1	0.041	0,683	> 0,05	Ho accepted There is no significant influence of marketing communications on customer loyalty MSE credit national bank in Indonesia
ρyx2	0,333	0,001	< 0,05	Ho rejected There is significant influence of customer relationship on customer loyalty MSE credit national bank in Indonesia

Based on the results of the value of the variable (X_1), (X_2) against (Y), obtained by using SPSS release 18 for windows, thus decision in accordance with rule, that for customer relationship have sig. level > 0,05 in a Ho rejected the means the significant, as for marketing communications having sig. level > 0,05 in a Ho accepted .In the concept of can be explained that all aspects of a marketing communication and customer relationship in simultaneously influential positive on customer loyalty MSE credit National bank in Indonesia, but in partial marketing communications will not affect on customer loyalty MSE credit national bank in Indonesia.

Based on table 4 above , the regression equation is as follows:

Y = 8,973 + 0.011 X_1 + 0,207 X_2

That means with increased X_2 a unit, so he will be raised by 0,207 assuming X_1 constant. Of the value of the regressions it is evident that X_2 (customer relationship) dominant influence on customer

loyalty MSE credit (Y) than marketing communications. The analysis on, according to a statement (Kotler et al., 2016). Relationship marketing has the aim of building mutually satisfying long-term relationships with key parties—customers, suppliers, distributors, and other marketing partners. Relationship marketing builds strong economic, technical, and social ties among the parties.

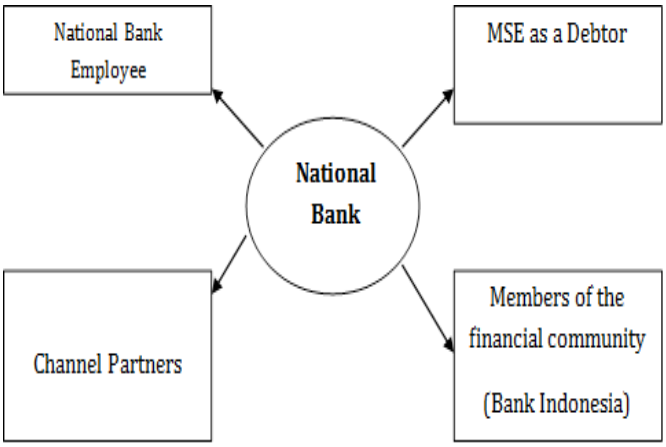


Fig.2: National Bank Relationship

Suryaman (Suryaman, 2007) also found in his research that the policies to apllied national bank management Indonesians to improve relations with customers, namely :

a. Every human resources available in national bank in Indonesia required to provide optimal service to customers or customers, to achieved optimal service national bank in Indonesia give the development of human resources through the education and training regularly and were enclose in various / seminar workshop / discussion both applied by the internal in public and other public, working with institution education in banking professional.

b. Channel funds in assets productive either in the form of credit to SME's , corporate and placement (placement in a financial institution that safe and profitable , performed with apply the principle of prudence (prudential banking , in accordance with the regulations set by the bank Indonesia (financial community).

c. In line with business development strategy , plans and the implementation of the operational been implemented be more focused on the to the application of risk management , compliance to prudential , good corporate governance , cost savings , the proliferation of office (which is channel partners bank Indonesia country and the organization especially to the development of human resources (employees) in order to support the success of business development .

d. An increase in the supervision attached to (waskat) in all a unit of work, in order to avoid the actions cause in-efficient.

e. Oriented on the market directed at the wants and needs of users banking on this SME's as a debtor services bank credit national in Indonesia by only focused on service delivery a better and superior that will improve the service competitive advantage.

f. Support regional government programs provincial in economic empowerment public to the credits to the people through skim credit is there who in its distribution use pattern linkage program with public credit bank cooperative or other institutions, whether channeling, executing and communal financing

5. Conclusion

Marketing communications done national bank in indonesia for customers mse credit is placed greater emphasis on market accuracy in selecting goals in designing promotions programs. Customers mse credit response to that national bank in indonesia enough to afford to choose the market, although not yet made. While the accuracy of national bank in indonesia in measuring activity is not considered promotion. National bank in indonesia impressed less evaluate upon an promotion activity, so regarded not really know how much the promotions done impact on improving the number of customer mse credit .

Customer relationship of mse credit built by national bank in indonesia often communicate with customers of mse credit, always build confidence customers in reputation national bank in indonesia and often build confidence customers in national bank in indonesia compared with other banks.

Marketing communication and customer relationship have simultaneous impact on customer loyalty of mse credit, but it is partial it turns out that customer relationship of mse credit dominant their influence.

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