



Quality Product and Excellent Service: The Impact of Repeat Savings Decision

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Abstract

The tight competition in the banking industry has forced management to be creative in serving customers. Research related to product quality and service excellence has been carried out, but the research is still done partially. This research combines product quality and service excellence by utilizing customer satisfaction as a mediating variable in the decision to save again. The study population was customers of deposit accounts. This study used purposive sampling, with a number of respondents as many as 125 people. The analysis technique used was structural equation modeling, the collected data was then processed using AMOS software. After analysis, all hypotheses submitted in this study were considered to be acceptable. The managerial implications of the research are that the service excellence provided by the bank must be a service that can truly be directly felt and provide benefits, so that it can satisfy customers.

Introduction

The level of competition in various fields, especially in the banking industry from time to time, has increasingly tightened. This can be seen from the increasing number of national banks, foreign banks, and mixed banks in Indonesia. Foreign and mixed banks, which expand and are supported by strong capital, will increase bank competition tightly, both in terms of lending, third-party funds collection (demand deposits, savings, deposits), and fee-based income, which further will tighten liquidity in the banking industry nationwide. This competitive condition is a challenge for the banking industry players to be able to continuously make internal improvements so that they are more focused on working on the target market, thus becoming the foundation for strengthening their existence in the banking industry (Gedela, 2012).

In the context of retail market, especially banking, it requires companies to be able to retain existing customers. This is based on the fact that obtaining new customers costs more than maintaining customers. Pritchard, et al. (1993) mentioned that understanding how or why a loyal feeling needs to be developed in the customer's mind is the current issue of management. In this regard, research conducted by Ibrahimi et al. (2015) stated that the task of the company is to create customers, and how to create customers lies in the services provided to the customers themselves. Therefore, excellent service is a major concern in the banking business. In essence, excellent service is based on the efforts made by a company to serve customers as excellent as possible so as to provide satisfaction to customers and meet the needs and desires of customers.

(Brown and Taylor, 2016). Research conducted by Prabha et al. (2010), Naik et al. (2010) and Kheng et al. (2010), Khaerunnisa (2013), and Ibrahimi et al. (2015) proved the influence of excellent service on customer satisfaction.

Whereas, Hapsari et al. (2015) stated that prime service had a significant effect on customer satisfaction but had no effect on [insert what prime service didn't have effect on]. Meanwhile, Solnet and Kandampully (2008) suggested that those engaged in services need to implement excellent service. Next, Rickard (2003) found the results of research in which service quality does not have a direct impact on satisfaction, but has a direct influence on equity and consumer value perceptions. Previous loyalty is not directly related to customer satisfaction or current brand preference, and brand preference is variable intervening in customer satisfaction and the desire to repurchase.

Kimando and Njogu (2012) stated that human resource factors, such as staff training and job satisfaction, have an impact on increasing banking customer satisfaction in Kenya and therefore banks must be able to improve ways to motivate their employees. A study by Ganiyu et al. (2012) concluded that there is a strong correlation between customer satisfaction and loyalty, but customer satisfaction itself is not the only thing that can create loyalty so the relationship between customer satisfaction and loyalty is indirect, especially in an increasingly turbulent and competitive business environment. It is because there are large differences between satisfaction in the condition of passive and loyal consumers and the condition where there is an active or proactive relationship between consumers and organization.

Other research on product quality conducted by Giovanis et al (2014) concluded that there was influences of product quality, technical products, and the company's image on customer satisfaction and loyalty. Markoni (2011) stated that there is a positive influence of product quality on banking customer satisfaction. This is also supported by a study by Sondakh (2014), and according to the results of research by Cruz (2015), there is a positive influence of product quality on convergent satisfaction. Trisnadi and Surip (2013) concluded that product quality and service quality had an effect on the interest of costumers to open saving accounts again. The insignificant results were found in the results of study by Yulisetiarini (2017).

Research by Blery (2003) concluded that there was a significant influence of the quality of service on consumer repurchases. This is contrary to Yi and La (2004) who stated that there is no significant influence of satisfaction on the repurchase decision. Currently, the behavior of bank customers in Indonesia is difficult to predict. Some customers want to meet their financial needs that exceed expectations. This can be seen from the results of the surveys by Indonesian Marketing Research (MRI) and the Infobank Institute which presented Bank Service Excellence or a survey of excellent service to customers in 2014 to 2016. In this survey, the ranking of Bank Bukopin in 2014, which was originally ranked sixth, dropped to seventh in 2015, then increased to fifth in 2016. This verified that the customer has not felt that the quality of the service matches the expectations and desires of the customer. From the results of this survey, the customer does not make a purchase (transaction) again, or even spreads a negative word of mouth about Bank Bukopin's services to other people who have become customers or are not yet customers, and it will cause other people to not use the same services (Andreassen, 1997; Ueltschy et al. 2007). Referring to the differences in the results of the research and the phenomena above, the research problem is how to build a research model to improve the decision to save again. This study aims to produce a new model, which is done by combining the results of previous studies, and this is what distinguishes this study from other studies.

Methods

The population in this study were customers who saved at Bank Bukopin Semarang Branch. The total number of customers of Bank Bukopin Semarang Branch is approximately 34,520 people. Meanwhile, the sampling technique was purposive sampling. According to Ferdinand (2014), the number of respondents should be 5 to 10 times the number of indicators. The number of indicators in this study was 17 so that the number of respondents in this study was $10 \times 17 = 170$ respondents but there were 45 questionnaires of which data were incomplete so that only 125 questionnaires were processed. Thus, the number of samples in this study was 125 respondents. The type of data used in this study was primary data. The source of the data collected was existing records or databases which were then packaged in a questionnaire form. Another data source in this study was respondents' answers through questionnaires distributed to savings customers at Bank Bukopin Semarang Branch. The following are operational definitions of variables and their indicators.

Table 1. Definition of Operational Variable

Variable	Operasional Variable
Product Quality	Product quality is defined as how well the quality of savings products offered by Bank Bukopin to its customers is. Indicators: product variations offered (X1), competitive interest rates (X2), having more benefits (X3), and complete features (X4)
Service excellence	Service excellence is a form of service provided by Bank Bukopin to its customers. Indicators: service speed (X5), service convenience (X6), service hospitality (X7), service accuracy (X8).
Customer satisfaction	Positive feelings from Bank Bukopin's customers towards the bank. The indicators were satisfaction with the service received (X9), satisfaction in saving at Bank Bukopin (X10), satisfaction with the product offered (X11), feeling happy with decision to save at Bank Bukopin (X12), speaking positively to others (X13).
Decision to save again	The decision to save again is a decision made by Bank Bukopin's customers to save again later. This variable has four indicators, namely: information seeking (X14), willingness to save again at the bank (X15), making a visit to Bank Bukopin (X16), trusting Bank Bukopin (X17)

Result and Discussions

Based on respondents' data, it can be explained that 85 respondents were men and 71 were women. Viewed from respondents' educational background, respondents with high school degree were 19,2%, vocational degree were 27,6%, bachelor degree were 46,8%, and master's degree were 6,4%. Furthermore, in terms of employment, 76,8% were employees of both private sector and public sector, 21,1% were self-employed, and 2,1% had not worked. In terms of age, 89,1% of respondents were in working age (aged 23-58 years old) while the remaining 10,9% were categorized as in non-working age.

Furthermore, to examine the overall relationship between the variables that were used to test the full model results of data processing for analysis, SEMfull model is presented in the Figure 1 below.

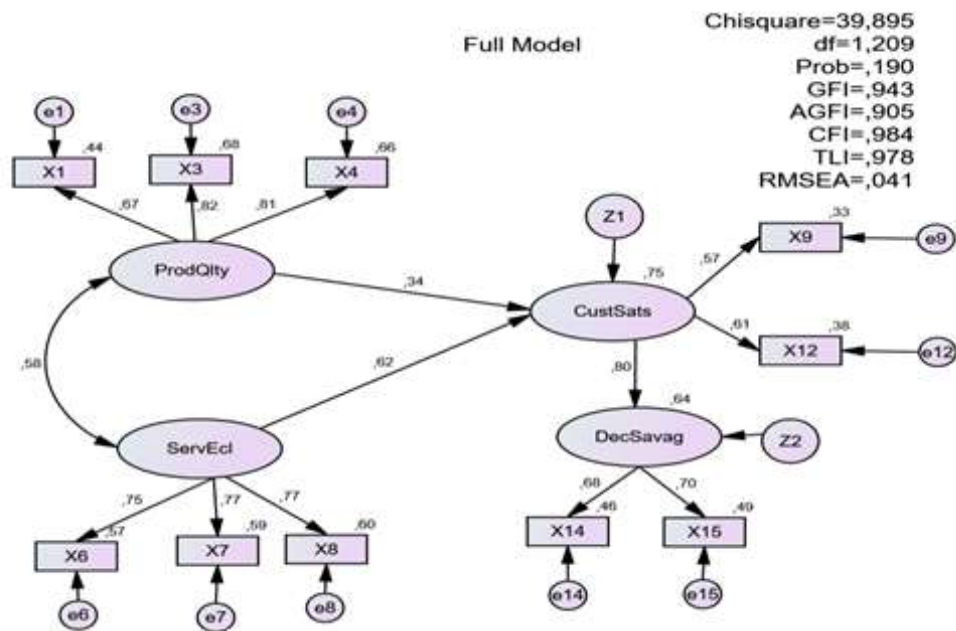


Figure 1. Full Model

By comparing the results of testing criteria of goodness of fit index in Table 2, the model was feasible for further analysis. Testing the level of normality of the data can be done by looking at each indicator of each dimension having significant values for skewness and kurtosis. Value is considered to be significant if it is below $\pm 3,0$. The normality test was carried out using the criterion of critical ratio (CR value) of + 1,96 at the 0,05 level of significance. The data normalization process was done by deleting several indicators, namely X2, X5, X10, X11, X13, and X17 because they had a loading factor below 0,5. The results of normality testing are presented in Table 3 and regression weights are presented in Table 4. From Table 3, it can be seen that the critical ratio of each indicator all had a value below 1,96 while the multivariate number was 7,470, so the data normality had been fulfilled. Based on Table 4, it can be concluded that all the hypotheses proposed in this study were accepted because the value of the cut of a ratio was all above 1,96.

Table 2. Goodness of Fit Index

Variable	min	max	skew	c.r.	kurtosis	c.r.
X14	6,000	10,000	0,242	1,107	0,153	0,348
X15	6,000	9,000	-0,165	-0,755	0,067	0,153
X12	7,000	10,000	0,001	0,006	-0,258	-0,590
X9	7,000	10,000	0,124	0,566	-0,192	-0,439
X6	7,000	10,000	0,087	0,398	-0,571	-1,304
X7	7,000	10,000	0,048	0,217	-0,277	-0,632
X8	7,000	9,000	-0,082	-0,372	-0,665	-1,519
X4	6,000	10,000	0,076	0,347	-0,122	-0,278
X3	6,000	9,000	-0,082	-0,375	-0,528	-1,204
X1	6,000	10,000	0,150	0,683	-0,060	-0,137
Multivariate					20,702	7,470

Table 3. Normality

Goodness of Fit Index	Cut off Value	Result	Evaluation
Chi square (df=124)	150,98	39,895	Good
Df	≤ 2	1,209	Good
Probability	$\geq 0,05$	0,190	Good
GFI	$\geq 0,90$	0,943	Good
AGFI	$\geq 0,90$	0,905	Good
CFI	$\geq 0,95$	0,984	Good
TLI	$\geq 0,95$	0,978	Good
RMSEA	$\leq 0,08$	0,041	Good

Table 4. Regression Weights

			Standardized Estimate	Estimate	S.E.	C.R.	P	Label
CustSats	←	ProdQty	0,341	0,268	0,104	2,573	0,01	par_4
CustSats	←	ServEcl	0,623	0,47	0,108	4,363	***	par_5
Decsavagain	←	CustSats	0,8	0,955	0,162	5,899	***	par_8

The Effect of Product Quality on Customer Satisfaction

Quality is a dynamic condition that affects products, services, people, processes, and environments that meet or exceed expectations. Product quality can be interpreted as an effort to meet the needs and desires of consumers as well as the accuracy of its delivery in exceeding consumer expectations. If a product meets customer expectations, the customer will be happy and assume that the product is acceptable or perceived as having high quality.

If the quality of banking products can meet the expectations of consumers, of course, consumers will feel more satisfied and thus, increasing customer satisfaction. This is also supported by research conducted by Giovanis et al. (2014) stating that there is a positive influence of product quality on customer satisfaction. This finding supports Markoni (2011) and Sondakh (2014) who stated that product quality has an influence on satisfaction. The better the quality of the product in the eyes of its customers becomes, the more customer satisfaction will increase.

The Influence of Excellent Services on Customer Satisfaction

The banking industry realizes that service becomes so important in order to influence prospective customers and existing customers. The excellent service quality offered by the banking industry to customers will have an impact on the level of satisfaction that customers get. Excellent service quality encourages customers to establish strong relationships with the bank. For this reason, the banking industry must understand what their customers need. Better application of excellent service will further increase customer satisfaction and vice versa. The results of this study support the research conducted by Prabha et al. (2010) and Naik et al. (2010) which stated that better excellent service will further increase customer satisfaction.

The Influence of Customer Satisfaction on Savings Decisions

Customer satisfaction is the feeling of being happy or disappointed that appears after comparing the performance (results) of the product and the expected performance. Whereas, customer satisfaction or dissatisfaction is the response of the customer to the evaluation of dissatisfaction with the perceived discrimination between previous expectations and the actual performance of the product after it was used. Satisfaction felt by customers will have a positive impact on banks because customers who are satisfied with the product or service provided by the bank will tend to repurchase. The results of this study support previous research conducted by Blery (2003) which stated that there is a significant influence of satisfaction on the decision to save again. So, the higher the satisfaction felt by consumers is, the higher the possibility of saving again becomes.

Path Analysis

This analysis was conducted to compare the magnitude of the indirect influence of the path of product quality - customer satisfaction - the decision to save again and the path of excellent service - customer satisfaction - the decision to save again. The result of the first path calculation was $0,341 \times 0,80 = 0,272$ while the second path was $0,623 \times 0,80 = 0,496$. Thus, the second path had a stronger influence. Starting from this, justification can be made, that excellent service is a matter that should receive more attention from the management. The prime service indicator that still needs to be improved is a service that can provide customers with comfort. If the customers get a comfortable service, of course, this will make them satisfied with the services provided by Bank Bukopin. One way that can be taken is to provide convenience by providing information related to the ins and outs of saving at Bank Bukopin. The quality of the product, or in this case the quality of saving, which needs to be improved is the variation of the product in question.

Conclusion

This study has successfully combined the role of product quality and excellent service through customer satisfaction and its effect on saving returns, so that the role of customer satisfaction could be found in this research. Thus, the existing research gap can be resolved. In addition, to improve the decision to save again, the role of prime service becomes more important than the quality of the product. This can be understood because excellent service is something that is directly felt by the customers so that if they are satisfied with the services provided, they will be able to encourage other customers to save again.

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