

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of Research**

Globalization is an era that is now a challenge for the people of Indonesia. There are many big challenges faced by Indonesian people for how to survive and become a part that survives in the process of globalization now. One of the main trends of global development is economic globalization. Changes in economic life contribute to the formation of the idea that in some time the economy is integrated into an integrated economic system, and humans will become integrated economic subjects.

Martens and Raza (2010) argued that globalization has been often referred to as the increased global economic integration, global forms of governance, globally inter-linked social and environmental developments. The global economy is the economy of a country that is globally involved in countries in the world in economic activity. Indonesia is one of the country of the tangible manifestations of the definition of globalization itself, where Indonesia is also one of the countries that have impact of the implementation in globalization process. These economic conditions have led to increasingly fierce competition among companies both companies engaged in the production of goods or services, and also industry and banking. Various ways and strategies are carried out to attract consumers, such as launching innovations of the highest quality and accompanied by optimal service to consumers.

For now, the competition in improving service quality is a key strategic issue for organizations in the service sector. Organizations that achieve a higher level of service quality will have a higher level of customer satisfaction as an advance to achieving sustainable competitive advantage. The banking system is an important component of the economy and has very heavy responsibilities. Banks currently need special attention to the quality of their services to face long-term competition (Fornier, 2008).

Competition for bank customers in Indonesia is very tight. at this time, banks are required to improve their services quality, because customers increasingly have mobility and needs. To be able to face this competition, the bank should provide the best service quality to the public who need banking services. This is intended to maintain public trust in the banking world. Public trust in the banking world not only has a positive impact on the bank's business, but also on the life of the economy as a whole. Therefore, companies that want to survive and develop must be able to provide the best service quality.

According to Zeithaml et al. (1990), examine that to make business organizations become success and survive in a competitive environment, the most important strategy is provide superior service quality for their customers. It also supported by research of Gundersen, M.G., (1996), that show service quality can lead to higher profitability. Service quality is very important in the banking business. Banks are increasingly competing in seizing customer based by relying on service quality. In addition to offering a variety of products, improvements in information technology, other physical services, non-physical services, and

various things that smelled of good service were intended to improve service quality. All of this is prepared to meet customer needs and ultimately is expected to capture public funds. Services must be carried out continuously without stopping, because banks work based on the principle of trust, so that value becomes important. Service in the world of banking is a very important thing in determining the success of a company in facing competition. Customer service can be interpreted by the series of activities, attitudes and behavior of officers in accepting attendance or communicating with customers or prospective customers directly or indirectly. Service companies that want to survive and thrive must be able to provide good service quality to achieve trust and customer satisfaction so that they become loyal customers.

One factor that influences customers to choose a particular bank other than the products that give by the bank is also influenced by the service quality (Zeithaml et al. 1990). Service quality factor is the key so bank can win the competition in the banking world. Service quality is an effort to fulfill customer needs and desires as well as the delivery accuracy to provide satisfaction to customers. In operational activities the company try to provide service quality that satisfy customers. Service quality is a form of consumer assessment of the level of service received with the expected level of service. Customer satisfaction in the service sector is an important and assign element in developing the company so that it still exists in the face of competition. Banking business is a business based on the principle of trust.

Customer trust is a kind of emotional reflection for trade. It's depends on

the level of expected product fulfillment or service benefits, as well as the level of consistency of expectations and actual results. If the customer expects a service at a certain level, and the perceived service received is higher than what he expected and still uses the product or service, then the customer can be said to believe. Similarly, if the customer expects a certain level of service, and in fact the customer feels that the service they receive is in accordance with their expectations, then the customer can be said to be satisfied. Conversely, if the service quality received is lower than the expected service quality, then the customer will not be said to be a dissatisfied so that the customer will not believe in a service or disappointed (Stefanus, 2008).

According to Kotler (2002), Customer satisfaction is the feeling of someone who is satisfied or otherwise after comparing between reality and expectations received from a product or service. Customer satisfaction and customer trust about an expectation will form a memory in the minds of consumers.

Having a satisfied customer is not enough. This is because customer satisfaction needs to have a direct impact on customer satisfaction and loyalty (Bowen and Chen, 2001). Emphasize that there is an increasing recognition that the ultimate goal of measuring customer satisfaction is customer loyalty (Sivadas and Barker-Prewitt, 2000). Many organizations only categorize measurements of customer satisfaction as a type of "marketing intelligence" by using it as a management tool to build a process of improving the quality of customer service and increasing profits (Linnell, 2009).

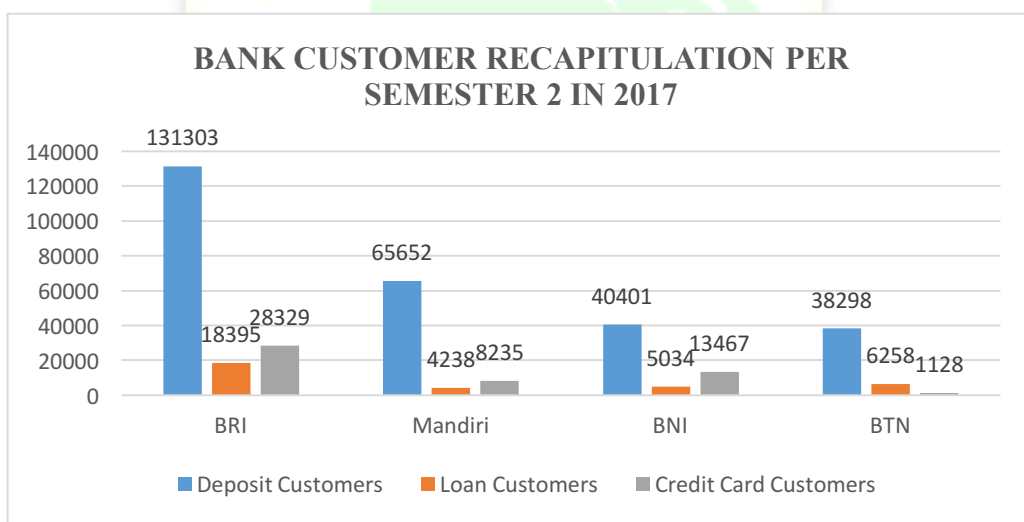
Through customers who are loyal companies can get new customers. This is because one of the loyal customer behaviors is to recommend the company concerned to others (Griffin, 2005). Therefore, someone loyal customer will be a very valuable asset for the company. Customer satisfaction is one of the keys to creating customer loyalty, because satisfied customers will tend to be loyal (Aryani, 2010).

At a certain level what happens in the global market in general has affected all businesses and especially banking institutions. In achieving its goals, the bank does every activity efficiently and effectively against competitors in competitive markets in order to satisfy customers. The most important goal of an organization is to maintain customer satisfaction and and make customers loyal in their organizational and marketing strategies. It is important to place customers in the business center in accordance with the strategy and process. Because it's easier and more profitable to sell to customers than find new customers. The Bank establishes their strategy to ensure trust and customer satisfaction, therefore their employees must be more customer focused and service oriented to satisfy their customers.

PT. BNI Tbk, established since 1946, formerly known as Bank Negara Indonesia, is the first bank established and owned by the Government of Indonesia. PT. BNI Tbk. adapt to changes in environmental, socio-cultural and technological changes is reflected through the improvement of sustainable corporate identity. This also confirms the dedication and commitment of PT. BNI Tbk. to continuously improve the service quality of performance.

As the fourth ranked bank in the bank category that has the most assets, it can be said that PT. BNI Tbk. in maintaining its customers PT. BNI Tbk. must be able to satisfy the needs and desires of its customers followed by an improvement in the service quality system and the need for a diversity of services. Good service and compatible with the wishes of customers will certainly provide trust and satisfaction for its customers. This is a bank customer recapitulation per semester 2 in 2017.

**Table 1.1 Bank Customer Recapitulation per Semester 2 in 2017.**



*Source: Otoritas Jasa Keuangan, 2017*

Based on Table 1.1 above shows that bank customer recapitulation at Padang City per semester 2 in 2017. In the table above of the total customer on deposit customer PT. Bank Rakyat Indonesia Tbk occupied the first position with total customers of 131.303 customers. Meanwhile, PT. Bank Mandiri Tbk occupied the second position with total customers of 65.652 customers. Then followed by PT. Bank Negara Indonesia Tbk with total customers of 40.401

customers. While in the fourth position PT. Bank Tabungan Negara Tbk has 38.398 customers.

Banking institutions that are currently in high competition can actually reduce spending on promotional costs through customer loyalty. One of the efforts made by the bank to create customer trust, customer satisfaction and customer loyalty is by creating loyalty programs, such as reward points, direct prizes, discount cards, direct discounts, and special offers. Service to customers that is done optimally can create customer trust, customer satisfaction and customer loyalty, but not only quality service, but also services that can be a differentiator from competitors.

The creation of customer trust, customer satisfaction and customer loyalty is caused by customers feeling satisfied with the services provided correctly. One way that PT. BNI Tbk. can be used to maintain trust and satisfaction so that customers become loyal by increasing the quality of service in their company. Because customer loyalty will also determine the success of the company.

Based on observation above, the author feels interested to analyze and discuss it further in the form of research entitled: **“The Role of Service Quality and Trust to Building Customer Loyalty through Satisfaction (A Case Study on BNI Customer at Andalas University)”**

## **1.2 Problem Identification**

1. How does service quality affect satisfaction at BNI customer in Andalas University ?
2. How does trust affect satisfaction at BNI customer in Andalas

University ?

3. How does customer satisfaction affect loyalty at BNI customer in Andalas University ?

### **1.3 Research Purpose**

1. To know service quality affect satisfaction at BNI customer in Andalas University
2. To know trust affect satisfaction at BNI customer in Andalas University
3. To know customer satisfaction affect loyalty at BNI customer in Andalas University

### **1.4 Benefit of Research**

#### **1. For Researcher**

This research is expected to add the knowledge and insight of researchers regarding the Marketing Management Strategy, especially the application of *Service Quality*, *Trust* and *Customer Satisfaction* affect on *Customer Loyalty* in the product and service industry.

#### **2. For Company**

As a reference in implementing good *Service Quality* in companies, because considering many factors that can affect trust, customer satisfaction and customer loyalty.

#### **3. For academics**

This research can be a reference source and can provide contribute to the development of studies on strategic marketing and can used as a reference in future research on the same theme.



#### **4. For other parties**

This research can be used to apply the knowledge in assessing a problem in the field in accordance with the knowledge learned and increase knowledge, especially regarding marketing activities.

### **1.5 Scope of Research**

The scope of the Research will focus on Service Quality, Trust and Customer Satisfaction as the independent variable, and Customer Loyalty as the dependent variable. The object of this research are college student of Andalas University who have an BNI account.

### **1.6 Outline of Research**

In order to make easier and make moderate the following of content, researcher divide into five chapter, that are:

#### **CHAPTER I: INTRODUCTION**

That contains about background of the research, problem statement, objectives of the research, contribution of the research, Scope of the research and outline of the research.

#### **CHAPTER II: LITERATURE REVIEW**

In Literature review chapter, it contains description of theoretical variables that include the theories that support and underlines the variables used in the research and framework.

#### **CHAPTER III: RESEARCH METHODOLOGY**

This chapter will explain about the methodology that researcher use to discuss about research design, data collection method, population and sample,

operational of variables, data processing, data analysis method and data analysis.

#### **CHAPTER IV: RESULT AND DISCUSSION**

Explain about the result of The Role of Service Quality and Trust to Building Customer Loyalty through Satisfaction.

#### **CHAPTER V: CONCLUSION, LIMITATION, IMPLICATION AND RECOMMENDATION OF RESEARCH**

This is the last chapter of research, it explains about the conclusion, suggestion, limitation of the research and recommendation for the further research.

