

Analysis of the Influence of Service Performance, Customer Relationship Marketing and Product Innovation on Customer Loyalty of Sharia Bank

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Abstract:

This research aims to analyze customer relationship marketing's impact, service performance, and product innovation on customer loyalty. The sample for this study is Bank Muamalat Indonesia. The findings show simultaneously that customer relationship marketing, service performance, and product innovation together affect customer loyalty. The findings partially show that there is no significant influence of customer relationship marketing and service performance on customer loyalty. Although consumer loyalty is significantly influenced by product innovation.

Keywords: customer relationship marketing, service performance, product innovation, loyalty.

INTRODUCTION

Indonesia is one of the countries where the majority of the population adheres to Islamic beliefs and is the country with the largest Muslim population in the world, namely 87% (World Muslim Population, 2017). The number of Muslims in Indonesia in 2010 was 209.12 million, or 87.17% of the country's total population of 239.89 million, according to data from global religious futures. It is estimated that in 2020 it will increase to 263.92 million people (databoks.katadata.co.id). However, the Indonesian population's accounts in Islamic banks only reach 5.86% of the total population. Currently, the Islamic banking industry in Indonesia only controls 6.18% of the market, which is

inversely very far from conventional banks, which control the market at 93.82% (OJK, 2019).

Empirically, the quality of Islamic banking services has been criticized a lot, starting from the application of a profit-sharing system, questions about whether the Islamic banking business is in accordance with Islamic law, and complaints about unprofessional service at the front office. The quality of banking services has not risen as quickly as the industry's fast development. Several banks lay less emphasis on other service characteristics and simply pay attention to specific parts of service. Some of the facilities are inadequate, such as the limited and insufficient seating, long queues, etc (Angelica & Sutanto, 2018).

The challenges of the banking industry in today's global competition also directly require the effectiveness of marketing strategies in an effort to maintain and develop a company's competitive advantage, one of which can be achieved through a relationship marketing strategy. In order to get and retain loyal customers, the banking industry is currently forced to direct its business and strategic foundation with a customer-centric concept to ensure sustainable company growth. Sharia banking professionals must work to raise the standard of services they will offer clients in order to enhance the market share of Indonesian Islamic Commercial Banks. This is due to the fact that service quality is crucial to Islamic banks' performance as service businesses (Nugraha, 2018). According to the results of the McKinsey survey customer behavior in Indonesia is increasingly unpredictable. They are satisfied with the bank's services, but if other banks provide service performance that meets their expectations, they are still willing to move, especially if their customers are in the upper economic class. Previous researcher believe that service performance will be a good predictor of service or service quality. Islamic banking product innovation failed to meet market demand, and competition was getting tougher. Product development (innovation) and competitive Islamic banking services according to the needs of the Indonesian people are causal and cannot be separated from the modern reality (Lebdaoui & Youssef, 2020).

There are factors supporting customer loyalty that make customers loyal to the bank, which can be seen from the good quality of service and the customer's assessment of the company (Setiawati, 2019). Because the banking industry is a service industry founded on the idea of trust, the quality of the services that Islamic banks will offer to consumers must be continually enhanced. As a result, the issue of service quality becomes a deciding element for business success (Mashuri, 2020). The more fiercely banks compete with one another, especially Islamic and conventional banks, the more each bank must try to increase its own competitiveness. Islamic banks are expected to be able to form an image in the minds of customers with their uniqueness, thereby increasing customer loyalty (Ojk, 2019).

LITERATURE REVIEW

Customer Relationship Marketing

Relationship marketing is basically a long-term relationship and bond between producers, consumers, suppliers, and other participants. The essence of relational marketing involves at least lasting relationships and ongoing communication, which are necessary for mutual trust and dependability. Therefore, in the relational marketing concept, marketers attach great importance to the importance of building long-term good relationships with consumers as well as the importance of marketing infrastructure, which can create awareness in the form of comprehensive relationships and commitments. Relational marketing's primary objective is to create and keep for the business a base of profitable, devoted clients. The development of relationship marketing will have an impact on the efficiency and efficacy of communication (Nikmah, 2017).

Service Performance

Performance is the realization of the functions a person needs. Real performance far exceeds expectations in terms of setting the highest standard for the individual. Always have a standard that exceeds the requirements or expectations of others. Performance is a person's ability and expertise to understand his responsibilities and functions in his work. This is inseparable from the management aspects that influence it because every leader has the responsibility to evaluate and help improve the performance of his subordinates (Pandiangan et al., 2022).

Product Innovation

Product innovation is about the emergence of new goods or services, improving or adding new functions, and changing the purpose of using existing goods or services. Product innovation is the result of the combination and mutual influence of various processes. Product innovation is innovation that is used throughout company operations, including the creation and marketing of new products, as well as all functional processes and use innovations (Antanegro et al., 2018).

Loyalty

Even though there may be other factors at play, loyalty is a commitment or pledge kept for the act of utilizing a favored good or service again in the future, influences, and marketing efforts will change. Loyalty is a behavioral response that is expressed over a long period of time and leads to commitment. Customer loyalty literally means loyalty, namely one's loyalty to an object. This loyalty can arise by itself without coercion and arises from self-awareness (Sutagana et al., 2022).

METHODOLOGY

This study uses quantitative research. This research was conducted in February until completion. The author's chosen sample method is the data source sampling method, which has a few purposeful sampling considerations. Customers of Bank Mumalat Indonesia were given a questionnaire (G-Form) by researchers in order to gather the essential data. Prior to further analysis, the original data collected via the G-form was stored in a Microsoft Excel 2013 file. In addition to managing data, Microsoft Excel 2013 is also used to manage data based on the characteristics of existing sources. After entering the main data into the Microsoft Excel 2013 file, it is then entered into the Statistical Package for Social Studies (SPSS) 26 software to analyze and interpret the data. SPSS is software used to analyze data and then perform statistical calculations on Windows-based parametric and non-parametric statistics.

CASE STUDIES

Based on gender, it can be seen that there were 48 men and 52 women out of the 100 respondents in this survey. The ages of the respondents ranged from 18 to 50: 26 between 18 and 21; 46 between 22 and 30; 14 between 31 and 40; 13 between 41 and 50; and 1 between 51 and 50. based on current academics, it shows that out of 100 respondents in this study, there were 6 respondents whose last education was junior high school, 60 respondents whose last education was senior high school, 8 respondents whose last education was D3, 19 respondents whose last education was S1, 7 respondents whose education was finally S2, and the remaining 6 respondents whose last education was S3. Based on work, it appears that from distributing questionnaires to 100 respondents, there were 10 respondents with civil servant status, 14 private employees respondents, 17 self-employed respondents, 1 police respondent, 1 intern respondent, 1 freelance worker respondent, 50 students or students, and the remaining 6 housewives. From distributing questionnaires to 100 respondents in this study, there were 57 respondents who became customers for 1 year, 26 respondents who became customers for 2 years, 10 respondents who became customers for 3 years, and the remaining 7 people who became customers for >3 years.

Based on the percentage of respondents' answers, shows that from the distribution of questionnaires among the 100 respondents in this study for the variable "customer relationship marketing (X1), 38.75% answered strongly agree, 45.14375% answered agree, 14.625% answered neutral, 1.25% answered strongly disagree, and 0% answered strongly disagree. For the service performance variable (X2), as much as 45.625 percent strongly agreed, 42.14% agreed, 11.44 percent answered neutrally, 0.75% disagreed, and only 0.05% disagreed. Up to 33.5 percent highly agreed, 46.9 percent agreed, 17.25 percent neutral, 2 percent disagreed, and 0.33 percent severely disagreed when asked about the product innovation variable (X3). And for the customer loyalty variable (Y), there were 32.08% of those who answered strongly agreed, 37.82% who answered agree, 20.18% who answered neutral, 5.66% of respondents said they disagree, and 1.4% who answered strongly disagree.

The study's findings allow for the determination that the f-count value is 30.283 and to determine the f-table

degrees of freedom, $n-k = 100-2 = 98$, the degree of the numerator $k-1 = 3-1 = 2$, and the significance level of 5%, It is discovered that the statistics table's f-table is 3.09. The statement that all independent variables have a significant effect on the dependent variable, or, in other words, that customer relationship marketing, service performance, and product innovation together have a significant effect on customer loyalty, is made because $f\text{-count} > f\text{-table}$ is $30.283 > 3.09$ and is in the area of acceptance of H_a . Based on the findings of the aforementioned investigation, a t-count for $t_1 = 0.463$ was determined with a significance (sig.) of 0.643, $t_2 = 1.532$ with a significance (sig.) of 0.129, and $t_3 = 3.778$ with a significance (sig.) of 0.000. The t-table value is equal to 1.660 when the degree of freedom ($n-k$) is multiplied by the significance level (5%). R squared (R^2) is 0.470, as can be seen from the results of the test for the coefficient of determination above. This demonstrates that only 47% of the dependent variable customer loyalty can be explained by the independent variables "customer relationship marketing (X_1), service performance (X_2), and product innovation (X_3). Although other factors not examined in this study have an impact on the remaining 53% (100%–47% of the total).

This study demonstrates that there is, at least in part, no relationship between customer relationship marketing characteristics and customer loyalty. Given that the obtained significance (sig.) = $0.643 > 0.05$, 0.464 (t-count) < 1.660 (t-table), and the fact that these values are in the region where H_0 is accepted and H_a is rejected, it may be concluded that there is no discernible effect of customer relationship marketing on customer loyalty. The findings of this study are at odds with those of earlier studies, which found that customer relationship marketing significantly and favorably impacts consumer loyalty. This study demonstrates that, at least in part, there is no relationship between customer loyalty and service performance characteristics. Given that H_0 is approved and H_a is rejected and significance (sig.) = $0.129 > 0.05$ and 1.532 (t-count) < 1.660 (t-table), it may be concluded that there is no appreciable relationship between service quality and customer loyalty. The findings of this study are consistent with Jamaludin's 2019 research, which discovered that customer loyalty is not directly impacted by service quality.

This study demonstrates that there is some correlation between customer loyalty and product innovation characteristics. Given that the obtained significance (sig.) = $0.00 < 0.05$ and the proof that 3.778 (t-count) > 1.660 (t-table) is in the region where H_0 is rejected and H_a is approved, it is clear that innovative products have a major impact on consumer loyalty. The findings of this study concur with those of earlier research done in 2018. When product innovation has a large favorable impact on customer loyalty. The results of the f test show that the f-table from the statistics table is 3.09. This shows that all independent variables have a significant impact on the dependent variable; in other words, customer relationship marketing, service quality, and product innovation collectively have a significant impact on customer loyalty. This is because $f\text{-count} > f\text{-table}$, which is $30.283 > 3.09$ and is in the range where H_a is accepted.

CONCLUSION

The findings of this study are as follows, based on the data test results. Simultaneously (Test F), all independent variables significantly influence the dependent variable, or, in other words, customer relationship marketing, service performance, and product innovation together have the same significant effect on customer loyalty. And partially shows that $t_1 < t\text{-table}$, H_0 is accepted and H_a is refused in the range $0.464 < 1.660$, demonstrating that there is no discernible effect of customer relationship marketing on customer loyalty. Moreover, $t_2 < t\text{-table}$, or $1.532 < 1.660$, is in the region where H_0 is accepted and H_a is denied, demonstrating that there is no appreciable relationship between customer loyalty and service quality. $T_3 > t\text{-table}$, specifically, $3.778 > 1.660$, and is in the region where H_0 is rejected and H_a is accepted, demonstrating that product innovation has a major impact on consumer loyalty. The most dominant variable influencing customer loyalty is the product innovation variable (X_3). The least dominant variables influencing customer loyalty are customer relationship marketing variables (X_1) and service performance.

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