



Influence of Customer Value, Commitment and Product Advantage on Customer Satisfaction and Loyalty (Study On the Bahteramas Rural Bank in Southeast Sulawesi)

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ABSTRACT

This study aims to determine the effect of customer value, customer commitment to product excellence on customer satisfaction and customer loyalty at the Bahteramas Rural Bank, Southeast Sulawesi. This study used a sample of 123 respondents. The analytical technique used is descriptive statistical analysis technique, and inferential statistics. The analytical tool used is Structural Equation Modeling (SEM) using the SPSS Ver program package. 18.0. The results showed that; Customer value has positive and significant effect on customer satisfaction; Customer commitment has a positive and significant effect on customer satisfaction: Product excellence has a positive and significant effect on customer satisfaction: Customer value has a positive and significant effect on customer loyalty: Customer commitment has a positive and significant effect on customer loyalty: Product excellence has a positive and significant effect on loyalty and: Satisfaction customer has a positive and significant effect on customer loyalty at the Bahteramas Rural Bank in Southeast Sulawesi.

Keywords: *Customer Value, Commitment, Product Excellence, Customer Satisfaction and Customer Loyalty*

I. INTRODUCTION

The banking business is increasingly complex with the presence of foreign banks competing for the same market, further tightening competition. Because these foreign banks have advantages such as a global brand name, a global network and more innovative products. In addition, the emergence of non-bank financial institutions that operate more specifically such as insurance companies, pawnshops, leasing companies and securities companies are increasing, adding to the list of competitors in gaining a wider market share.

Viewed from the customer's point of view, this competitive situation will actually provide a distinct advantage. Today's customer demands are also increasingly diverse, supported by a higher level of education and ease of obtaining information, their demands and flexibility are also getting higher. Speed, security, convenience and friendliness of service are increasingly required by customers in making choices in addition to adequate rates, interest and service fees. In creating customer satisfaction, banks must also be able to increase *customer value* and *product advantages*.

Rural Banks, commonly abbreviated as BPR, are a type of bank known to serve micro, small and medium-sized entrepreneurs with locations that are generally close to where people are in need. BPR is an official banking institution regulated by Law No. banking sector and as amended by Law No. 10 of 1998. The Act clearly states that there are 2 (two) types of Banks, namely Commercial Banks and Rural Banks. The function of BPR is not only to channel credit to micro and medium entrepreneurs but also to accept deposits from the public in the form of Savings and Time Deposits.

Satisfaction is a customer evaluation of a product or service based on whether the product or service can meet the needs and expectations (Zeithaml and Bitner, 2003:86). A high level of satisfaction strengthens the customer's desire to have a commitment to the company. Continuous customer satisfaction will lead to good relationship building. As a result of feeling good and truly satisfied, it is more likely that the customer will make other purchases so that a stronger relationship will be created in the long term.

Another factor that affects satisfaction is commitment. Dwyer *et al.* (1987) who concluded that commitment is the main element of long-term relationship success. Customer commitment to a company has an influence on their behavioral interest in the future, thus causing loyal customers.

Loyal customers according to Griffin, 1996 in Diah (2006) are those who are very satisfied with a particular product or service so they have the enthusiasm to introduce it to anyone they know. However, the results of research from Zulganef (2002) contradict or there is a gap with the opinions of Tjiptono, Rust and Zahorik, and Andreassen. Based on the results of his research Zulganef found that there was a negative and insignificant effect of customer satisfaction on loyalty. the formation of customer loyalty (Dick and Basu, 1994).

Several previous studies that provided inspiration for this research include Didik Isnadi (2005), with the results of research that customer value and product excellence have a positive and significant effect on customer satisfaction, customer satisfaction has a positive and significant effect on customer loyalty. Theoretical implications and suggestions for future research by Didik Isnadi (2005). The results of his research can be used as a basis for empirical thinking to understand how the role of the variable customer value and product excellence in increasing customer satisfaction and loyalty as an important element in marketing success. By adding the customer commitment variable. On the object of banking companies.

II. LITERATURE REVIEW

Customer Value

Basically, customer value is defined as the buyer's perception of value which represents an exchange between the quality or benefits, they feel in a product/service with the sacrifices they feel by paying the price. Armstrong and Kotler (2001:7) say that customer value (customer *value*) is the value of the customer is the difference between the value that consumers get after owning and using a product or service with the costs he incurs to obtain the product.

Organizational Commitment

Barnes (2003: 150) defines commitment as a psychological state of a person who globally feels dependent on a relationship. While Kalafatis and Miller (1998), Beaton and Beaton (1995) and Russbult and Buunk (1993) examine the importance of commitment as an indicator of stability. and success in long-term relationships with consumers.

Product excellence

Song and Parry (1997), define the factors that influence the success of new products in 4 categories, namely: a) competitive conditions; b) the company's internal conditions; c) the process of developing new products and d) the competitive advantages of these products. Song and Parry (1997) concluded that the integration between functions and the competitive advantage of the product were the two most decisive functions or variables and the success of the new product.

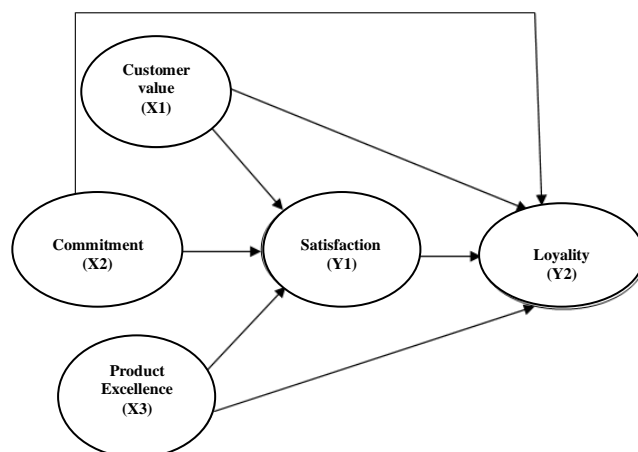
Customer satisfaction

Oliver (1997), states that satisfaction is the customer's response to the fulfillment of his needs. This means an assessment that a form of privilege of a product or service itself, provides a level of comfort associated with the fulfillment of a need including needs below expectations or meeting needs exceeding customer expectations. .

Customer Loyalty

Kennedy *et al.*, (2001) suggested that the customer who will be loyal to improve the competitiveness and profitability of the company, and on the other hand the customer feel secure on the risk of the quality of goods / services and procurement of goods / services as well as reducing the search costs of goods / services required.

CONCEPTUAL FRAMEWORK



III. RESEARCH METHODS

Population and Sample

The population in this study were all individual savings customers at the Regional People's Credit Bank (PD BPR) Bahteramas, totaling 20,584 savings customers (up to October 2013). The total number of PD BPR individual savings customers is based on each PD BPR Head Office consisting of:

Table 1. Number of Savings Customers at PD Bank Perkreditan Rakyat Bahteramas

No.	Bank	Number of Savings Customers
1.	PD. BPR Bahteramas Kendari	10,891
2.	PD. BPR Bahteramas Baubau	1,695
3.	PD. BPR Bahteramas Konawe	1,497
4.	PD. BPR Bahteramas Kolaka	1,538
5	PD. BPR Bahteramas Konawe Selatan	1,478
6	PD. BPR Bahteramas Bombana	2014
7	PD. BPR Bahteramas Wakatobi	1,471
	T total	20,584

Source: PD BPR Data for Southeast Sulawesi, 2013

The sampling technique used in this study is to use *proportional random sampling*, that is, each element of the entire population has the same opportunity to be selected based on comparison. Thus, the size of the sample used is:

$$n = 1 + 20584 (9\%)^2 \\ = 122.7207 = 123 \text{ (rounded up)}$$

Thus, the size of the sample used in this study was 123 respondents.

Data Types and Sources

The data used in this study are primary data and secondary data. The data collection method used in this study was through questionnaires, interviews and documentation. Likert scale is used in independent and dependent variable research. This Likert scale includes interval data used to measure attitudes, opinions and perceptions of a person or group (Sugiyono, 2009).

Data Analysis Techniques

The technique used is descriptive statistical analysis technique and inferential statistics. Descriptive statistical analysis is intended to obtain an overview of the condition of customer value, commitment, product excellence, satisfaction and customer loyalty at PD BPR Bahteramas in Southeast Sulawesi. and to identify the characteristics of each variable in terms of frequency and percentage.

In this study using SEM of the parameter SEM based on the input data of the variance matrix (*var-cov matrix*), then SEM produces a structural model that is useful for forecasting (prediction) or for model proof. Meanwhile, if the input data is in the form of a correlation matrix, then SEM is useful for examining the size of the influence, either direct, indirect or the total effect of the independent *variable* (*exogenous variable*) on the dependent variable. Therefore, SEM can be used to determine the dominant influencing variable.

IV. RESULT AND DISCUSSION

An analytical technique used in this study is a structural equation model (*structural equation modeling*) and process analysis application program AMOS (*Analysis of The Moment Structure*) version 18 .00 from Arbuckle (1994- 2003). The test results with the help of the AMOS software version 18.0 *output* normality of the data are presented in Table 2 below: **Table 2. Assessment of normality Data**

Variable	min	max	skew	cr	kurtosis	cr
Y2.1	6,000	15,000	-,491	-2,224	,234	,529
Y2.2	6,000	15,000	-,019	-,087	-,494	-,118
Y2.5	5,000	15,000	-,537	-2,431	,698	1,580
Y2.4	7,000	15,000	-,446	-2,019	,039	,087
Y2.3	7,000	15,000	-,432	-1,954	-,904	-2,047
Y1.4	6,000	15,000	-,539	-2,441	,026	0,058
X1.5	4,000	15,000	-1,003	-4,541	,710	1,606
X1.4	5,000	15,000	-,981	-4,442	1,765	3,995
X3.1	1,000	5,000	-,631	-2,859	,502	1,137
X3.2	1,000	5,000	-,814	-3,687	,857	1,940
X3.3	1,000	5,000	-,464	-2,100	-,211	-,477
X2.1	1,000	5,000	-1,088	-4,927	2,123	2,807
X2.2	1,000	5,000	-,724	-3,278	,399	,903
X2.3	1,000	5,000	-1,391	-3,297	2,857	3,468
Y1.1	5,000	15,000	-1,027	-2,651	2,061	4,665
Y1.2	6,000	15,000	-,666	-3,017	,915	2,072
Y1.3	5,000	15,000	-,338	-1,529	-,491	-,111
X1.1	3,000	15,000	-1,117	-5,059	1,696	3,838
X1.2	6,000	15,000	-,761	-3,447	,528	1,195
X1.3	5,000	15,000	-,824	-3,731	1,144	2,589
Multivariate					94,696	17,702

Based on Table 5.12 above, it shows that the *output* results of normality of data and the value of *critical ratio (cr) skewness* and *critical ratio (cr) kurtosis* are smaller than the required *cut of point* of ± 2.58 , with a significant level of 99% both *univariate* and *multivariate*. so that it can be said that the distribution of data used in this study already meets the criteria for data normality. Thus, the data used in this study meet the requirements of the structural model equation by using the *maximum Likehool* method in estimating the parameters of this study.

Test Outliers Data

Outlier's testing aims to determine the observation conditions of a data that has unique characteristics and looks very much different from other observations. The minimum *z-score* limit is -5.38 and the maximum *z-score* is 2.78. For details, see Table 3 below:

Table 3. Z-Score Value

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
Zscore(X1.1.1)	123	-3.27590	1.00119	.0000000	1.0000000
Zscore(X1.1.2)	123	-3.33858	1.22023	.0000000	1.0000000
Zscore(X1.1.3)	123	-3.48022	.92150	.0000000	1.0000000
Zscore(X1.2.1)	123	-3.81104	.94942	.0000000	1.0000000
Zscore(X1.2.2)	123	-3.49846	.97986	.0000000	1.0000000
Zscore(X1.2.3)	123	-3.14597	.76925	.0000000	1.0000000
Zscore(X1.3.1)	123	-3.68440	.88166	.0000000	1.0000000
Zscore(X1.3.2)	123	-2.42168	.88434	.0000000	1.0000000
Zscore(X1.3.3)	123	-3.79685	1.09333	.0000000	1.0000000
Zscore(X1.4.1)	123	-3.02483	.93319	.0000000	1.0000000
Zscore(X1.4.2)	123	-3.39062	1.14249	.0000000	1.0000000
Zscore(X1.4.3)	123	-3.47147	1.07099	.0000000	1.0000000
Zscore(X1.5.1)	123	-3.35392	.90998	.0000000	1.0000000
Zscore(X1.5.2)	123	-3.21550	.91512	.0000000	1.0000000
Zscore(X1.5.3)	123	-2.96596	.83418	.0000000	1.0000000
Zscore(X2.1)	123	-3.27248	1.02238	.0000000	1.0000000
Zscore(X2.2)	123	-2.98680	1.19982	.0000000	1.0000000
Zscore(X2.3)	123	-3.67137	.98408	.0000000	1.0000000
Zscore(X3.1)	123	-3.59227	1.26322	.0000000	1.0000000
Zscore(X3.2)	123	-2.96942	1.47117	.0000000	1.0000000
Zscore(X3.3)	123	-3.71508	1.14614	.0000000	1.0000000
Zscore(Y1.1.1)	123	-3.44551	1.13609	.0000000	1.0000000
Zscore(Y1.1.2)	123	-3.57902	1.24530	.0000000	1.0000000
Zscore(Y1.1.3)	123	-3.47181	.99973	.0000000	1.0000000
Zscore(Y1.2.1)	123	-3.40084	1.10917	.0000000	1.0000000
Zscore(Y1.2.2)	123	-3.25576	1.14488	.0000000	1.0000000
Zscore(Y1.2.3)	123	-3.60491	1.13738	.0000000	1.0000000
Zscore(Y1.3.1)	123	-2.57883	1.30124	.0000000	1.0000000
Zscore(Y1.3.2)	123	-3.26203	1.31039	.0000000	1.0000000
Zscore(Y1.3.3)	123	-3.62278	1.34215	.0000000	1.0000000
Zscore(Y1.4.1)	123	-2.76232	1.29458	.0000000	1.0000000
Zscore(Y1.4.2)	123	-3.40309	1.40474	.0000000	1.0000000
Zscore(Y1.4.3)	123	-2.20687	1.12374	.0000000	1.0000000
Zscore(Y2.1)	123	-3.16573	1.02298	.0000000	1.0000000
Zscore(Y2.2)	123	-3.45479	1.31981	.0000000	1.0000000
Zscore(Y2.3)	123	-3.68314	.86989	.0000000	1.0000000
Zscore(Y2.4)	123	-3.37372	1.11242	.0000000	1.0000000
Zscore(Y2.5)	123	-3.77724	1.11860	.0000000	1.0000000
Valid N (listwise)	123				

Factor Confirmatory Analysis

The *Confirmatory Factor Analysis* measurement model uses a factor weighting significance test (*loading factor / lambda* (λ)) using the criteria for the *lamda* value (λ) or the required *loading factor (cut off point)* must reach 0.40 or 40% (Ferdinan, 2002). If the value of *lamda* (λ) or *loading factor* 0.40 is considered as an indicator that forms the variable, it does not form or does not have the same dimensions as other variable indicators to explain a latent variable. The measurement results of indicators (observation variables) that can be used to form latent variables in this study were carried out using *Confirmatory Factor Analysis*.

Based on H acyl model testing *confirmatory factor analysis* known that overall indicators used in this study meets the limit values *Confirmatory Factor Analysis* value ≥ 0.40 or 40%.

Model Conformity Test Results

Based on the results of model testing in the early stages of the *Goodness of Fit Indices* Criteria, the *Overall Model* has met the requirements so that there is no need to modify the model because there has been a suitability of the data with the model built in this study.

Furthermore, this model has been considered as the result of a full model test without the need for modification. The results of the model test, are evaluated based on the *Goodness of Fit Indices* in Table 5. 19 following the criteria presented models as well as critical values that have compatibility data.

Table 4. Evaluation of Criteria for Goodness of Fit Indices Overall Full Model

<i>Goodness of Fit Index</i>	<i>Cut-of Value</i>	Model Results	Information
<i>Chi-square</i>	Expected small	88,273	Fit
<i>Probability</i>	0.05	0.076	Fit
<i>AGFI</i>	0.90	0.917	Fit
<i>GFI</i>	0.90	0.926	Fit
<i>CFI</i>	0.95	0.974	Fit
<i>TLI</i>	0.95	0.962	Fit
<i>RMSEA</i>	0.08	0.024	Fit

Source: Hair (1995), Arbuckle (1997) (Appendix-7)

From the evaluation of the proposed model, it shows that the evaluation of the construct model as a whole turns out that from various criteria there are no critical violations so that it can be stated that the model is relatively acceptable or in accordance with the data so that further model suitability tests can be carried out. Of the tested paths no significant indicators were not visible from the value of the probability or p it above 0.05 (5% level) as well as the value of t count on t table.

Analysis of the direct relationship (*direct effect*) between the constructs of the model can be compared to evaluate the relationship of each construct to the direct effect which is none other than the coefficients of all coefficient lines with one-pointed arrows (Augusty, 2005: 55) whose test results are presented in Table 5. the following 20: **Table 5. Results of the Direct Path Research Hypothesis.**

Independent Variable	Dependent Variable	Effect Path Direct	(P Value)	Note:
Customer value	Customer satisfaction	0.338	0.000	Sig
Commitment	Customer satisfaction	0.471	0.000	Sig
Product excellence	Customer satisfaction	0.307	0.010	Sig
Customer value	Customer loyalty	0.320	0.002	Sig
Commitment	Customer loyalty	0.510	0.002	Sig
Product excellence	Customer loyalty	0.524	0.000	Sig
Customer satisfaction	Customer loyalty	0.424	0.000	Sig

Source: Appendix, 2013 (Appendix-7).

Testing the hypothesis in this study aims to answer whether the hypothesis proposed in this research is accepted or rejected. Significant parameter level estimates are applied in this study is 95% or $\alpha = 0.05$. The hypothesis test in this study was carried out exactly the same as the general regression hypothesis test, namely by testing the significance of probability (p) 0.05. used to see the significance of the regression coefficients generated by the various causal relationships in the model.

Thus, the hypothesis testing based on the probability values with the provisions of based decision making are:

1. If $p < 0.05$, then H_0 is rejected, H_a is accepted, meaning that there is a significant influence between exogenous variables and endogenous variables.
2. If $p > 0.05$, then H_0 is accepted, H_a is rejected, meaning that there is no significant effect between exogenous variables and endogenous variables.

V. CONCLUSION

Based on the analysis of research results and discussion of the relationship between customer value, commitment, product excellence, customer satisfaction and customer loyalty Savings at the Bahteramas Rural Bank in Southeast Sulawesi, the following conclusions can be drawn:

1. Customer value has a positive and significant effect on customer satisfaction, meaning that if customer value increases, which is reflected in the benefits that can be obtained from the sacrifices incurred, it causes customer satisfaction to increase,
2. Customer commitment has a significant positive effect on customer satisfaction, meaning that if customer commitment has increased, which is reflected in customers who are increasingly committed to establishing cooperative relationships with banks, it causes customer satisfaction to also increase.
3. Product superiority has a positive and significant effect on customer satisfaction, meaning that if the superiority of the product experiences an increase which is reflected in the uniqueness of the product compared to other similar products, it causes customer satisfaction to also increase.
4. Customer value has a positive and significant effect on customer loyalty, meaning that if the customer value experiences an increase, which is reflected in the number of benefits that can be obtained for each sacrifice that has been given, it causes customer loyalty to also increase.
5. Customer commitment has a positive and significant effect on customer loyalty, meaning that the more committed the customer to the Bank, the greater the customer loyalty.
6. Product excellence has a positive and significant effect on customer loyalty, meaning that if product superiority experiences an increase, it causes customer loyalty to also increase

7. Customer satisfaction has a positive and significant effect on customer loyalty, meaning that the increasing customer satisfaction with the Bank causes customer loyalty to also increase.
8. The product advantage variable shows the strongest and dominant influence on customer loyalty when compared to other variables (value for customers, commitment, and customer satisfaction). This indicates that the superiority of the product obtained by customers as reflected in the benefits obtained can directly affect customer loyalty.

Suggestion

From the conclusions that have been explained, the suggestions that can be given from the results of this study are as follows:

1. For the Management of the Bahteramas Rural Bank in Southeast Sulawesi:
 - For leader and all employees of Rural Banks Bahteramas Se-East Sulawesi, should pay attention to the value of customers, commitment to customers and continuously improve product excellence so as to satisfy and improve customer loyalty her to build relationship ongoing basis of the customer it is.
 - in order to improve product excellence on customer satisfaction and loyalty customers, should increase the service not only to the improvement of the physical facilities that exist in the bank alone (office renovation, additions ATM) but also to develop services more diverse product, such as payment services such as electricity / water / telephone, internet banking services, In addition, the provision of gifts or souvenirs attracts & pleases customers, so that the bank has added value in the eyes of customers. Thus, the variety of services available at the bank along with the gift/souvenir program will keep customers as users of bank services in the long term.
 - Commitment to customer needs to be further enhanced by familiarity approach, either of kinship or personal. The employees of the Bahteramas Rural Bank in Southeast Sulawesi, most of whom are natives/local people, are an important supporting factor in establishing effective communication so that the customer partnership relationship with the bank can run well and last a long time.
2. For future researchers:
 - If using the same variables in this study suggested that examines the direct influence between the variables of service quality on customer loyalty at the same time indirectly examines the relationship between the variables of service quality on loyalty through customers' trust and commitment variables.
 - To consider adding other variables such as trust and relationship marketing variables to measure the level of loyalty.
 - Expanding research object at all customers of the service user, not just the savings customers, so the picture of levels of service quality obtained fully to all parts of the existing services at the bank.
 - The study was conducted not only in the banking industry but also need to do research in other industries such as manufacturing, telecommunications and property service industry and other industries

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