

THE EFFECT OF PRODUCT MIX ON CUSTOMERS' LOYALTY (A Study at PT. Bank BTN Sukabumi City)

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DOI: <https://doi.org/10.37178/ca-c.23.1.238>

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Abstract

The business activities of bank and non-bank financial institutions are growing rapidly, ranging from banking, insurance, pawnshops, to cooperatives. However, the most rapid development occurred in state-owned banking. The main reason people switch to State-Owned Banking is a more secure security factor compared to Private-owned Banking. Bank BTN as a long-standing bank in State-Owned Banks is a bank of interest, only Bank BTN occupies the fourth position under BRI, Mandiri and BNI. In this study the authors want to see the effect of product mix on customer loyalty at Bank BTN (Persero) Sukabumi City Branch. The result of the research is that there is a significant effect of the product mix on customer loyalty at Bank BTN

Keywords: *Product Mix, Customer Loyalty*

Introduction

Banking business activities are growing rapidly, ranging from state-owned banking, insurance, pawnshops, to cooperatives. However, the most rapid developments occurred in state-owned banking and also private banks. The main reason people switch to State-Owned Banking is a more secure security factor compared to Private-owned Banking.

Competition is one of the important factors in the external marketing environment. With competition, companies can be encouraged and motivated to always improve their best performance. Likewise in the banking business. In the increasingly fierce competition in the banking world for public funds, every bank or debtor must improve its quality. Large-scale banks that are currently playing in the corporate and commercial sectors have also invaded the micro segment. Banking competition does not only occur in local banks, foreign banks have also begun to penetrate Indonesia. Therefore, state-owned banks must be more innovative in the products they offer to customers if they want to survive in the midst of the emergence of new competitors [1-5].

Table 1

State-Owned Bank with the Largest Assets

| Name of Bank | Asset (triliun Rupiah) |
|--------------|------------------------|
| Bank BRI | 1.611,05 |
| Bank Mandiri | 1.548,07 |
| Bank BNI | 862,44 |
| Bank BTN | 375,73 |
| Bank BSI | 234,43 |

Source: *lifepal.co.id* (2021)

Table 1. shows that Bank BTN as a long-standing bank in State-Owned Banks is the bank of interest, only Bank BTN occupies the fourth position under BRI, Mandiri and BNI. In fact, when compared to BRI with various experiences and awards it has received, it is only natural that Bank BTN becomes a financial intermediary institution that is highly trusted among other State-Owned banking players.

It is well recognized that the Product Mix will greatly affect the customer loyalty but until now, the product mix provided cannot be said to be able to satisfy customers which will later make customers loyal to the company. There is a gap that occurs between the wishes (expectations) of customers with the products offered by PT. Bank BTN is ultimately concerned with customer satisfaction and will affect customer loyalty. This encourages PT. Bank BTN to further improve the Product Mix offered, including improving product quality.

Based on the description that has been stated above, the authors feel interested in conducting a study entitled: "**The Effect of Product Mix on customer loyalty at Bank BTN (Persero) Sukabumi City Branch**".

Research Framework and Hypotheses

A company has a goal to market its products with a high level of sales, but in the presence of intense competition and is a threat to the company. In a climate of intense competition, companies must be able to market their products appropriately with the aim of attracting consumer interest in these products so as to increase sales. Therefore, companies must implement the right strategy in formulating policies in the field of marketing.

A marketing strategy is based on the needs, wants and demands of consumers. By paying attention to consumer behavior, it is expected that the company can provide value, satisfaction, and quality in accordance with

Expectations, besides that, companies must create long-term relationships with consumers or create loyalty, because getting new customers will cost more than retaining existing customers.

The marketing strategy commonly used by companies is the marketing mix. This marketing mix consists of anything the company can do to influence the demand for its products. This marketing mix has four variables known as the 4Ps, namely product, price, place, and promotion[6-9].

The company in maintaining the survival of its business, always strives to have a competitive advantage in order to win the competition. Consumers will not buy goods or services without the benefits and value of the goods or services offered. In planning product offerings, marketers need to understand product levels.

Changes and shifts in values towards a product that are perceived by the public are caused by the development of the social, cultural, economic, scientific and technological environment which causes higher demands for products. The development of a product requires the company to implement any benefits that will be

provided by the products offered. These benefits are communicated and conveyed through the Product Mix [10, 11].

The elements of the Product Mix according to [12] include brand, packaging, labeling, guarantee (warranty) and service. According to [1] expectations are customer beliefs before trying or buying a product, which is used as a standard in assessing the performance of the product.

According to [2, 13] revealed that customer loyalty includes three things that are considered as a response in the form of customer satisfaction, namely repetition or the act of repurchasing, retention is an attitude that continues to remember a brand and is fanatical about the product, and referral is an action. invite others to use the brand for the product.

From the above definition it can be concluded that if the Product Mix implemented by PT. Bank BTN (Persero) is in accordance with customer expectations, customers will feel satisfied and vice versa if the product mix is not in accordance with customer expectations, customers will feel dissatisfied.

The customer loyalty of Bank BTN products can be seen from several aspects. The first aspect is repurchase, the second aspect is the level of customer loyalty in terms of length of time being a customer, the third aspect is refusing other products, and the fourth aspect is immunity from competition, which is not easily influenced by the competitive pull of similar products from competing companies.

Based on the case above, it can be concluded that the influence of the product mix on consumer satisfaction and its impact on loyalty, the product mix has a significant influence on customer loyalty. Satisfaction with price, satisfaction with quality, satisfaction with service, satisfaction with brand image, and satisfaction with product design affect customer loyalty either partially or simultaneously. Partially, satisfaction with price satisfaction has a dominant influence compared to other variables, then satisfaction with design, satisfaction with brand image and finally satisfaction with service.

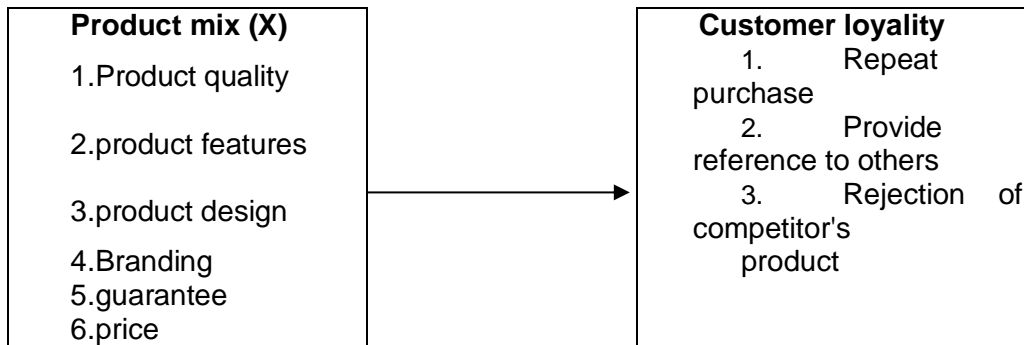
Basically the purpose of a business is to make consumers feel satisfied, the creation of customer satisfaction can provide several benefits including the relationship between the company and the customer become harmonious, provide a good basis for repeat buyers, and create customer loyalty.

understanding of loyalty according to Lovelock in service [14, 15] namely:

“loyalty is describe a customer willingness to continue patronizing a firm over the long term, purchasing and using its goods and services ona repeated and preferably exclusive basis, and recommending the firm product to friends and associates.”

From the above it can be concluded that if the company's product mix is in accordance with consumer expectations, then consumers will feel satisfied. Product mix that can satisfy customers will ultimately create consumer loyalty. As for consumer loyalty, it can be seen from several aspects including the intensity of using the products offered by the company, the level of consumer loyalty in terms of length of time being a customer of the company and immunity from similar products belonging to competitors, through handling a product mix that is oriented to the needs and desires of customers, is expected to increase customer loyalty in Indonesia. future.

The following is an overview of the framework of thought in this research.



Picture 1 Framework

On the basis of the above thought, a research hypothesis was generated as follows: **"Product mix has a positive effect on customer loyalty of Bank BTN Sukabumi City Branch"**.

Research Method

In the preparation of this article the author uses a descriptive method, according to [4, 12] are:

"A method that serves to describe or provide an overview of the object under study through sample or population data as it is."

Descriptive research studies problems in society, as well as the procedures that apply in society and certain situations, including relationships, activities, attitudes, views, ongoing processes and the effects of a phenomenon. The purpose of this research is to make a systematic, factual, and accurate description of the facts, the nature of the relationship between the phenomena being investigated and get the implications of a problem to be solved. Data collection techniques used by the author are as follows:

In preparing this article, the writer uses descriptive method, and verification. The data needed in this research are primary and secondary data. In this study there are 2 (two) variables, namely the independent variable or X (Product Mix) and the dependent variable or Y (customer loyalty) [4, 16, 17].

Research Result

The Effect of Product Mix on Customer Loyalty at PT. Bank BTN KCP Sukabumi

Coefficient of Determination Analysis

To see the magnitude of the influence of the Product Mix in influencing customer loyalty. The magnitude of the influence of the Product Mix on customer loyalty can be calculated by the formula:

$$Kd = r_s^2 \times 100\%$$

$$Kd = (0.664)^2 \times 100\%$$

$$Kd = 44.09\%$$

With the coefficient of determination of 44.09%, it can be concluded that customer loyalty is influenced by the Product Mix of 44.09%. While the remaining 55.91% is influenced by other variables outside the Product Mix which were not examined in this study [12, 18-20].

Hypothesis test

The established statistical hypothesis is:

Ho : $r_s \leq 0$, Product mix does not have a positive effect on customer loyalty of Bank BTN Sukabumi City Branch

Ha : $r_s > 0$, Product mix has a positive effect on customer loyalty of Bank BTN Sukabumi City Branch

The criteria for accepting or rejecting a hypothesis are:

- $T_{count} \leq t_{tabel}$, maka Ho, then accepted and Ha rejected
- $T_{count} > t_{tabel}$, maka Ho, then rejected and Ha accepted

To test whether the proposed hypothesis can be accepted or rejected, we must calculate the t significance test and then compare it with the t table value. The value of t is calculated by the formula:

$$t = \frac{rs\sqrt{n-2}}{\sqrt{1-rs^2}}$$

$$t_0 = \frac{\sqrt{50-2}}{1-(0.664)^2}$$

= The ttable value for the one-sided test with a level of confidence (level of significance) of 95% and the degree of freedom (degree of freedom) of $n-2=$

$= 50-2 = 48$. Because the degree of freedom = 48 is not found in the t table, interpolation is used to find it using the following formula:

$$\frac{48}{40} = \frac{X}{1.684}$$

$$\frac{48}{40} = \frac{1.671}{X}$$

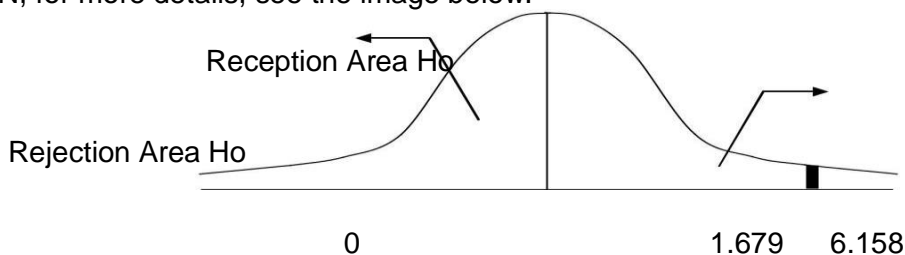
$$12(X - 1.684) = 8(1.671 - X)$$

$$12X - 8X = 20.208 - 13.368$$

$$20X = 33.576$$

$$X = 1,679$$

Based on this, it can be seen that the value of $t_{count} = 6.158$ is greater than the value of $t_{table} = 1.679$, so H_0 is rejected. This means that the Product Mix has a significant positive influence on customer loyalty at the Sukabumi City Branch of Bank BTN, for more details, see the image below.



Picture 2 Areas of Rejection and Acceptance H_0

Based on the results of the correlation test, coefficient of determination and t test, then The hypothesis that the author proposes is "Product attributes have a positive effect" on customer loyalty of PT. Bank BTN KCP Sukabumi", proved to be true.

Conclusion

Based on research conducted by the author and supported by data obtained from research results and then analyzed how the influence of the Product Mix on customer loyalty at Bank BTN Sukabumi City Branch as discussed, the authors can take several things that can be concluded, namely:

- 1 Bank BTN Sukabumi City Branch is one of the government banks engaged in banking services. PT Bank BTN KCP Sukabumi tries to present itself as a state-owned bank that is ready to serve customers and always puts the desires and interests of consumers first so that consumers are satisfied with its services. This encourages the Bank BTN Sukabumi City Branch to further improve the product mix offered including:
 - Product or service quality, including the level of ease of opening a savings procedure, the level of ease of reaching the office, the level of convenience of the initial deposit procedure, the speed of banking transaction processing, the level of accuracy of the banking transaction process, the level of employee ability to convey information, and the level of competitive interest rates.
 - Product features, including the affordability of the initial deposit at Bank BTN
 - Product design, including the level of attractiveness of the shape and color of the deposit form, the level of ease of writing listed on the proof of deposit to be read and understood, the level of completeness of the information on the proof of deposit, the form of the transaction form is easy to recognize, and the form of the transaction form is easy to understand.
 - Branding, including the level of brand recognition and the level of recall of the savings brand.
 - Guarantees, including the level of complaint handling and the level of transaction assurance.
 - Prices, including the level of affordability of administrative fees and ATM fees.

Assessment of the implementation of the Product Mix of Bank BTN Sukabumi City Branch, based on the calculation results obtained the median value of the entire statement is 4 which is in the interval 3.40 - 4.19. However, Bank BTN Sukabumi City Branch needs to pay attention to the Product Mix element regarding the shape and color of the deposit form, it is hoped that Bank BTN will redesign the deposit form to make it more attractive.

Assessment of customer loyalty at Bank BTN Sukabumi City Branch based on the calculation results obtained a median value of 4 which means that customer loyalty at Bank BTN Sukabumi City Branch is considered good because it is in the interval 3.40-4.19. The most prominent element of customer loyalty is that customers always make consistent re-deposits at Bank BTN Sukabumi City Branch, this shows that customers always add to their savings at Bank BTN Sukabumi City Branch every time on a regular basis.

The relationship between the product mix and customer loyalty of Bank Rakyat Indonesia, based on the Spearman Rank correlation test, obtained a value of 0.64, meaning that there is a strong relationship between the product mix and customer loyalty at the Sukabumi City Branch of Bank BTN. Meanwhile, the influence of the product mix on customer loyalty at Bank BTN Sukabumi City based on the coefficient of determination, the value of r^2 is obtained by 44.09%, and the remaining 55.91% is influenced by other variables. In the calculation of the t statistical test, the t count value is 6.158 and the t table value is 1.679 with an error rate of 5%. This shows that the value of t count is greater than the value of t table, meaning.

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