

The Effect of Customer Relationship Marketing (CRM) and Service Quality on Customer Satisfaction Mediated by the Brand image at Bank of BNCTL, Dili Branch, Timor-Leste

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ABSTRACT

This study aims to analyze the Effect of *Customer Relationship Marketing* (CRM) and Service Quality on Customer Satisfaction Mediated by the *Brand image* at Bank BNCTL, Dili-Timor Leste Branch. The sample in this study uses a *purposive sample*. The purpose of using this technique is to take a sample of certain people who meet the requirements. Researchers will distribute questionnaires to customers who have the saving at BNCTL bank for at least 1 year. The results of the analysis show that 1) *Customer Relationships Marketing* has a positive and significant effect on *brand image*. 2) Service quality has a positive and significant effect on brand image. 3) *Brand image* has a positive and significant effect on customer satisfaction. 4) *Customer Relationships Marketing* has a positive and significant effect on customer satisfaction. 5) Service quality has a positive and significant impact on customer satisfaction at the BNCTL Bank Dili Branch, Timor Leste.

Keywords: *Costumer Relationships Marketing, Service Quality, Customer Satisfaction, Brand image*

I. INTRODUCTION

The banking sector plays an important role in economic development efforts, and also plays a role in increasing equitable development. As a result, economic growth and national stability lead to an increase in people's living standards. The banking sector is still the financial backbone of Timor Leste, this is because of the many economic processes related to production and delivery as well as other activities that are always closely related to banking as a financial institution. Obviously, the link is in the function of the bank as a source of funding or a place of savings for the smooth running of business activities (Danibrata, 2011).

The banking market is always changing and dynamic, especially in today's modern world. Facing this reality, thus, banks are required to be able to compete at some points. The essence of the *relationship marketing* concept is that in addition to providing quality service delivery, companies must also build *relationships* with consumers, (Cristhoper and Martini, 2013). The principal strategy in *relationship marketing* is designing the main services that relate to customers in forming established marketing. The second strategy is to build relationships with consumers by identifying the needs and requirements of individual customers. develop an active marketing policy and keep up-to-date of technological and economic developments. An active and more market-oriented marketing policy will lead the banking business to define the needs and wants of customers, not from the bank's point of view (Yonaldi, 2011).

Ordinary people, numerous people still think that the bank is only a place to save and borrow money. The fact is that banks offer many other services besides just offering money/savings storage services and lending money/credit. Dissimilar the case with people who do understand banking in interpreting the meaning of the bank itself. In the Republic of Indonesia Law Number 10 of 1998 regarding banking, what is meant by a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in other forms to improve the standard of living of the people at large.

Marketing strategy is very important for companies where marketing strategy is a way to achieve the goals of a company. For the company to continue to be able to grow and survive, the approach used by marketing is always updated. One of the most widely used approaches by companies today is *relationship marketing*. Many international companies are now implementing a new marketing system, namely *customer relationship marketing* to build long-term relationships with consumers.

Several things need to be well-thought-out in *relationship marketing* with customer satisfaction. If a consumer is not pleased with the product or service offered by a company. Therefore, consumers will not be loyal to the company and will look

for other companies that can provide the needs they want. Accomplishing the highest level of customer satisfaction is the main goal of marketing.

Due to differences in bank selection criteria by customers, banks are required to always try to improve services and innovate continuously. Banks need to conduct research on customers by evaluating service quality to avoid discrepancies in perceptions about what the bank provides with what customers need, the management needs to identify exactly what customers need. So banks that use the concept of customer perspective, which means that the bank focuses its attention on the needs and desires of customers, to create customer loyalty through satisfaction in saving activities or using other bank products. Service quality and customer satisfaction are different concepts with the argument that perceived service quality is a form of attitude, a comprehensive evaluation in the long term, while satisfaction indicates a certain transaction size. Therefore satisfaction lasts in the short term. The higher the perceived service quality level, the higher customer satisfaction. This statement confirms that there is a close relationship between service quality and customer satisfaction.

One of the efforts made by the Banco Nacional de Comércio de Timor-Leste in improving the quality of service is to employ professional *tellers* and the number of *tellers* is also able to serve the number of customers. The frequent occurrence of queue buildup during working hours is also a consideration that must be considered by banks. A *teller* is required to be fast, thorough, and also friendly to each customer and prospective customer so that more and more customers who choose the bank can get optimal service. Because the factors of speed and accuracy are things that are highly expected by customers.

Based on the description above, the researcher is interested in conducting research under the title "The Effect of *Customer Relationship Marketing* (CRM) and Service Quality on Customer Satisfaction in Mediation by *Brand Image* at Bank BNCTL, Dili-Timor Leste Branch".

A. Formulation of the problem

Based on the background that has been described previously, the formulation of the problem raised in this study is as follows:

1. Does *Customer Relationship Marketing* (CRM) affect the *Brand image* of BNCTL Bank, Dili-Timor Leste Branch?
2. Does the Quality of Service affect the *Brand image* of BNCTL Bank, Dili-Timor Leste Branch?
3. Does *Customer Relationship Marketing* (CRM) affect Customer Satisfaction at BNCTL Bank, Dili-Timor Leste Branch?
4. Does Service Quality Affect *Brand Image* at Bank BNCTL, Dili-Timor Leste Branch?
5. Does *Brand Image* affect customer satisfaction at Bank BNCTL, Dili-Timor Leste Branch?
6. Does *Customer Relationship Marketing* (CRM) through *Brand Image* Affect Customer Satisfaction at BNCTL Bank, Dili-Timor Leste Branch?
7. Does the Quality of Service through *Brand Image* Affect Customer Satisfaction at Bank BNCTL, Dili-Timor Leste Branch?

B. Research Purposes

The objectives to be achieved in this study are to determine the relationship between:

1. *Customer Relationship Marketing* (CRM) has an effect on the *Brand image* at BNCTL Bank, Dili-Timor Leste Branch.
2. Quality of Service affects the *Brand image* of BNCTL Bank, Dili-Timor Leste Branch.
3. *Customer Relationship Marketing* (CRM) has an effect on Customer Satisfaction at BNCTL Bank, Dili-Timor Leste Branch.
4. Quality of Service affects the *Brand image* of BNCTL Bank, Dili-Timor Leste Branch.
5. *Brand image* affects customer satisfaction at Bank BNCTL, Dili-Timor Leste Branch.
6. *Customer Relationship Marketing* (CRM) through *Brand Image* has an effect on Customer Satisfaction at BNCTL Bank, Dili-Timor Leste Branch.
7. Quality of Service through *Brand image* has an effect on Customer Satisfaction at Bank BNCTL, Dili-Timor Leste Branch.

II. LITERATURE REVIEW

A. Empirical Overview

The basis of the research in this study is the results of previous studies below:

1. (Manik, 2018) *relationship marketing* has a significant effect on purchasing decisions.
2. (Ahmed & Zahid, 2020) *Customer relationship marketing* has the most significant effect on purchase intention.
3. (Ramadhan, 2018)
 - (1) *Relationship marketing* has a significant influence on *purchase decisions*
 - (2) *Relationship marketing* has a significant effect on *customer satisfaction*
 - (3) *Purchase decision* on *customer satisfaction* has an influence
4. (Amoako, 2019). This study displays that the five dimensions of *Relationship Marketing* namely *trust, empathy, shared value, communication, and bonding* have a significant positive influence on brand equity.

B. Theoretical study

1) Customer Relationship Marketing

Sriwastava, Shervani, and Fahey cited by McNally (2007) that CRM is a process that accommodates all aspects through customer identification, creating consumer knowledge, building relationships with consumers, and shaping the organization and perception of the product itself. Building good relationships with consumers or customers takes 2 (two) directions of exchanging marketing information and communications that provide opportunities for suppliers to understand their customers and develop good relationships with their customers.

According to Evans and Laskin (Wibowo, 2006), *relationship marketing* is defined as the process by which a company builds long-term alliances with customers and potential customers, working together to achieve a specified goal. This goal is met by understanding consumer needs, treating consumers as partners, ensuring that employees fulfill customer satisfaction, and providing good quality to consumers.

2) Service Quality

Zeithmal and Bitner (2000) (Musnaini, 2011), that service quality is the total experience that can only be evaluated by customers. While service quality is the level of excellence expected and control over the level of excellence to meet customer desires.

Service quality is one measure of success in providing guarantees of satisfaction for consumers, through service quality a consumer can provide an objective assessment to create customer satisfaction. Service quality is the overall characteristics and characteristics of a product or service in terms of its ability to meet predetermined or latent needs, emphasizing the orientation of fulfilling customer expectations to obtain (*fitness for use*) (Tjiptono, 2005) and Lupiyoadi (Hadiyati E., 2010).

3) Customer Satisfaction

Satisfaction comes from the word "satisfied" which is a statement of feelings for something, while customer satisfaction is the result of customer perceptions of the value received in transactions or relationships where value is the same as perceived service quality relative to prices and costs incurred by customers (Basith, et. all, 2014).

(Putri & Nurcaya, 2013) states that satisfaction is the level of feeling where a person states the results of a comparison of the performance of the service product received and expected. High satisfaction is an insurance policy against something going wrong, which is unavoidable because of the diversity associated with the production of services.

Customer satisfaction creates customer retention (*consumer retention*) which can further increase company profits, considering that the cost of retaining existing customers is cheaper than the cost of finding new customers. In addition, satisfaction not only encourages the tendency of customers behavior to make repeat purchases but also encourages them to do *positive word of mouth* (Endarwita, 2013)

4) Brand image

Understanding the image (image) according to (Kotler, 2009) is a person's beliefs, ideas, and impressions of something. Image is an impression, impression, feeling, or perception that exists in the public about a company, object, person, or institution.

According to (Supranto, 2011) said "Brand image is what consumers think or feel when they hear or see the name of a brand or in essence what consumers have learned about the brand".

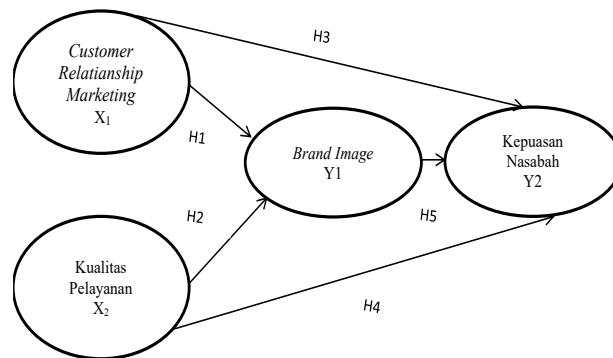
III. CONCEPTUAL FRAMEWORK AND HYPOTHESES

A. Conceptual Framework

The conceptual framework is the relationship between one or several concepts to other concepts of the problem to be studied. Based on various theories, literature studies, and various previous research results that have been described, the researcher can describe the conceptual framework related to the variables of *Customer Relationships Marketing* (CRM), Service Quality, Brand Image, and customer satisfaction.

Therefore, the conceptual framework of CRM, Service Quality to Customer Satisfaction through brand image, can be described in the modeling as follows:

Figure 3.1
Conceptual Framework



B. Research Hypothesis

The hypothesis is a temporary answer to the research problem formulation, therefore the research problem formulation is usually arranged in the form of questions. It is said to be temporary because the answers given are only based on relevant theories, not yet based on empirical facts obtained through data collection. So the hypothesis can also be stated as a theoretical answer to the research problem formulation, not yet an empirical answer (Sugiyono, 2010). The hypotheses proposed in this study are:

1. *Customer Relationships Marketing* has a positive effect on the *Brand image* at Bank BNCTL, Dili Timor Leste Branch.
2. Service quality has a positive effect on the *Brand image* at BNCTL Bank, Dili Timor Leste Branch.
3. *Customer Relationship Marketing* has a positive effect on Customer Satisfaction at BNCTL Bank, Dili Timor Leste Branch.
4. Service Quality has a positive effect on customer satisfaction at BNCTL Bank, Dili Timor Leste Branch.
5. *Brand image* has a positive effect on customer satisfaction at Bank BNCTL, Dili Timor Leste Branch.
6. *Customer Relationships Marketing* through *brand image* has a positive effect on customer satisfaction at Bank BNCTL, Dili Timor Leste Branch.
7. Service Quality through *Brand image* has a positive effect on customer satisfaction at Bank BNCTL, Dili Timor Leste Branch.

IV. RESEARCH METHODS

A. Types of research

This research is quantitative research and this research also includes correlation research.

B. Population and Sample

The population in this study are all BNCTL bank customers who are domiciled in Dili.

The sampling technique used a *purposive sample* and the sample used in this study was 95 respondents.

C. Research variable

In this study, researchers used three types of variables, namely *variable dependent*, *variable independent*, and *variable intervening* as follows:

- 1) *Variable Eksogen* in this study is *Customer Relationship Marketing (X1)* and *Service Quality (X2)*.
- 2) *Variable Endogen* in this study is *Customer Satisfaction (Y2)* and *Brand image (Y1)*.

D. Data Collection Techniques and Procedures

1) Questionnaire

The Questionnaire is a data collection technique that is done by giving a set of questions or written statements to respondents to answer (Sugiyono, 2012).

2) *Interview*

The Interview is a data collection technique used by researchers using direct questions and answers to the customers of the BNCTL bank, Dili Timor Leste.

3) *Documentation*

The documentary method is a data collection tool called a document recording form, and the data source is in the form of notes or available documents. In this study, the author will obtain documents containing the history, vision and company mission, and organizational structure.

V. DATA ANALYSIS

A. *Data Analysis The descriptive analysis*

The descriptive analysis in this study explains various data characteristics, such as the average (*mean*), standard deviation, variance, minimum value, and maximum value for each shariah governance variable. reputation and trust of the bank.

B. *Hypothesis Test*

1) *Testing the SEM Model Assumptions (Structural Equation Model)*2) *SEM Steps*

VI. RESEARCH RESULTS AND DISCUSSION

Convergent Validity

Convergent validity is used to measure the correlation between item scores and construct scores, the higher the correlation the better the data validity (Ningsih & Hermawan, 2019). Measurements can be categorized as having convergent validity if the loading factor value is > 0.5 (Triseptya, et. all, 2017). The results of the convergent validity measurement can be seen in the table below:

Table 1
Outer Model Check

Variable	Indicator/Item	Outer loading
<i>Customer Relationships Marketing</i> (X1)	<i>Trust</i>	0.811
	<i>Commitment</i>	0.872
	<i>Communication</i>	0.856
	<i>Conflict Handling</i>	0.857
<i>Service Quality</i> (X2)	Physical Evidence	0.754
	Reliability	0.858
	Responsiveness	0.87
	Guarantee	0.86
	Empathy	0.86
<i>Brand image</i> (Y1)	<i>Product attributes</i>	0.835
	<i>Product attributes</i>	0.79
	<i>Consumer Benefit</i>	0.788
	<i>Brand Personality</i>	0.796
	<i>Brand Personality</i>	0.847
<i>Customer Satisfaction</i> (Y2)	Service	0.875
	Service	0.828
	Price	0.845
	Price	0.861
	Customer Satisfaction	0.86

Source: Data processed 2021

C. Discriminant Validity

Discriminant validity's a construct validity test by predicts the size of the indicator from each block (Ningsih & Hermawan, 2019).

Table 2
AVE Value

Variable	Average Variance Extracted
<i>Customer Relationships Marketing</i>	0.721
<i>Service Quality</i>	0.709
<i>Brand image</i>	0.659
<i>Customer Satisfaction</i>	0.729

Source: Data processed 2021

D. Composite Reliability

A variable is said to meet construct reliability if it has a *composite reliability* value > 0.70 and a *crossbench alpha* value > 0.70 has a good level of reliability for a variable (Assegaff, 2015).

Table 3
Reliability

Variabel	Cronbach's Alpha	Composite Reliability	Keterangan
Costumer Relationships Marketing	0.871	0.912	Reliabel
Kualitas Pelayanan	0.897	0.924	Reliabel
<i>Brand image</i>	0.871	0.906	Reliabel
Kepuasan Nasabah	0.907	0.931	Reliabel

E. Hypothesis Research Results

Table 4
Hypothesis Test Results

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values	Information
CRM -> BI	0.502	0.487	0.119	4.232	0.000	Received
KP -> BI	0.323	0.336	0.110	2.927	0.004	Received
CRM -> KN	0.316	0.326	0.083	3.789	0.000	Received
KP -> KN	0.465	0.453	0.099	4.708	0.000	Received
BI -> KN	0.206	0.207	0.070	2.939	0.003	Received
Indirect Effect Test						
CRM -> BI -> KN	0.104	0.099	0.039	2.681	0.008	Received
KP -> BI -> KN	0.067	0.072	0.038	1.733	0.084	Rejected

Source: Data processed 2021

VII. RESEARCH DISCUSSION

A. *Customer Relationship Marketing on Brand image*

The first hypothesis which states that *Customer Relationships Marketing* has a positive and significant effect on *brand image* in BNCTL, Dili Timor Leste is acceptable.

B. *Quality of Service to Brand image*

The results of this study indicate that the better the quality of service provided, the brand image will increase. For companies engaged in the service sector, the provision of quality services to customers is an absolute thing that must be done if the company wants to achieve success.

C. *The brand image on Customer Satisfaction*

The third hypothesis (H₃) states that *Brand image* has a significant influence on customer satisfaction

D. *Customer Relationship Marketing on Customer Satisfaction*

The fourth hypothesis which states that *Customer Relationships Marketing* has a positive and significant effect on customer satisfaction at BNCTL, Dili Timor Leste is acceptable.

E. *Quality of Service to Customer Satisfaction*

Service quality has a positive and significant effect on customer satisfaction at BNCTL bank

F. *Customer Relationship Marketing on Satisfaction through Brand image*

The sixth hypothesis is that *Customer Relationships Marketing* has a positive and significant effect on customer satisfaction through *brand image* di BNCTL, Dili Timor Leste is acceptable.

G. *Quality of Service on Satisfaction through Brand image*

The results of data analysis show that *Brand image* (Y1) is proven positively but not significantly as a mediating variable between Service Quality (X2) on Customer Satisfaction (Y2).

VIII. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion of research conducted on guest customers of Bank BNCTL, Dili Timor Leste, several conclusions can be drawn, *Customer Relationships Marketing* has a positive and significant effect on *brand image*, Service quality has a positive and significant effect on brand image, the Brand image has a positive and significant effect on customer satisfaction, *Customer Relationships Marketing* has a positive and significant effect on customer satisfaction and service quality has a positive and significant effect on customer satisfaction at BNCTL bank.

IX. SUGGESTION

Bank BNCTL must be able to maintain and improve the implementation of *relationship marketing* with mutual trust. commitments made, communication made, and dealing with problems to provide satisfaction to its customers. In addition, the conflict handling indicator states that Bank BNCTL also needs to improve the performance of its staff in handling problems properly.

As input for further research, it is necessary to increase research variables so that they can affect satisfaction, such as price, product quality, and others that were not examined in this study.

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