

Article

Examining the Effect of Customer Relationship Marketing on Customer Loyalty at CIMB Niaga Bank, Indonesia

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Abstract: Cimb Niaga Bank needs a surefire strategy to win competition in the banking world, and relationship marketing is one of the strategic concepts that can be used by banks to win competition. Thus, this study aims to examine the effect of customer relationship marketing on customer loyalty. This study is designed using a quantitative approach through survey questionnaire. A total of 100 CIMB bank customers participated in this study. The sample of this study is CIMB bank customer follower in CIMB_Niaga's Instagram account as much as 266,000. The collected data analyzed using descriptive statistics and multiple linear regression. In addition, the data collection techniques used in this study are through literacy studies as well as data on the bank's annual performance report. The result indicated that financial benefits, social benefits and structural benefits have a significant and positive effect on customer loyalty. In conclusion, this study identified that the customers consider to always be loyal and customers have a benefit to always be in touch with Cimb Niaga Bank. Financial benefits are the existence of rewards in the form of prizes in the form of prizes in the form of prizes in the draw to customers or souvenirs given to customers. Social benefits are maintaining good relations with customers, able to solve well the problems faced by customers quickly. Structural benefits where the bank can guarantee customer funds so that Bank CIMB Niaga can improve performance because it can provide relationship benefits to customers. Of the three benefits that most dominantly affect customer loyalty is the social benefits. This study provides advice or assistance for CIMB Niaga Bank to increase the customer loyalty. Further research can expand the scope of study considering more detailed approach in measuring customer loyalty.

Keywords: customer relationship marketing; financial benefit; social benefit; structural benefit; customer loyalty.



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1. Introduction

One of the strategies that can be used to create customer satisfaction and loyalty is with establishing an ongoing relationship between the bank and the customer, where this strategy is known as Relationship Marketing. Relationship Marketing is applied by the company as one of the efforts to defend itself in business dynamics. Relationship ties are widely regarded as a tool for maintaining customer loyalty (Shammout, 2007). Relationship marketing is the creation of value and maintenance of durable relationships between companies and customers to create satisfaction for both

parties. Strong relationship ties can create customer satisfaction, if the satisfaction is felt continuously over a long period of time it will grow customer loyalty to the company.

The level of customer satisfaction can be known through the amount of customer loyalty to a company. The higher the level of satisfaction felt, it is possible to create customer loyalty. The ability of CIMB Niaga Bank to understand, understand and fulfill what is expected by customers is realized by implementing relationship marketing strategies. Bonding is the psychological, emotional, economic or physical embedding in relationships developed by associations and interactions and binding parties together in relationships (Liang & Wang, 2005). The benefits developed can touch satisfaction psychologically, emotionally, economically or physically. One simple example is that customers feel satisfied when they get lower interest than other customers. These benefits are constantly being bonded; social ties cannot be replaced with money so the change in the style of financial enterprise by applying these benefits changes to be more humanist than not applying bonding tactics that tend to have mechanical systems.

The number of deposits from CIMB Niaga customers at the end of 2020 was recorded at Rp 207.5 trillion, up 6.10% compared to Rp195.6 trillion in 2019. Term deposits still contribute the largest to deposits from CIMB Niaga customers with a contribution of 40.38% or Rp83.8 trillion. However, term deposits decreased by 4.05% compared to the previous year of Rp87.3 trillion. Deposits from customers derived from savings products increased 14.41% to Rp67.9 trillion in 2020, while current account products grew 14.14% to Rp55.9 trillion. With these conditions, the ratio of CASA CIMB Niaga in 2020 increased to 59.62% compared to 55.35% in 2019. This is in line with CIMB Niaga focus on obtaining cheap funding sources (CASA) for credit distribution. Various initiatives and programs through direct promotion and product bundling, as well as increased customer experience, are expected to increase the number of cheap funds.

Table 1. Data for Customer Savings.

Product	2020	2019	2018	Growth (%)	
				2020-2019	2019-2018
Current Account	55,862,547	48,943,913	45,857,151	14.14	6.73
Savings	67,861,369	59,316,069	54,495,883	14.41	8.85
Term Deposits	83,805,508	87,340,318	90,397,184	(4.05)	(3.38)
Total	207,529,424	195,600,300	190,750,218	6.10	2.54

Source: CIMB Job Report (2020).

CIMB Niaga focuses on continuously improving digital banking and cross-selling services as well as attractive promotional programs to get deposits from customers in greater numbers. The BizChannel@CIMB facility makes it easy for customers to be able to manage funds and transact easily and safely for current account products. CIMB Niaga also has a variety of savings products designed according to customer needs so that they can attract interest from the public to save at CIMB Niaga. In addition, CIMB Niaga also has an online Time Deposit facility that allows customers to be able to open a term deposit account by accessing OCTO Clicks and OCTO Mobile without having to come directly to the branch. In terms of the average interest rate a year of customer deposits are as follows:

Table 2. Average Interest Rate a Year of Customer Deposits

Average Interest Rate	2020		2019		2018	
	Rupiah	Forex	Rupiah	Forex	Rupiah	Forex
Current Account	2.72	0.71	2.58	0.91	2.71	0.62
Savings	2.84	0.40	2.97	0.54	2.67	0.46
Term Deposits	4.88	1.27	6.73	2.67	6.27	1.89

Source: CIMB Job Report (2020).

PT. Bank CIMB Niaga Tbk. can maintain its position in the sixth rank of the largest national rice bank. The Company recorded the number of assets of Rp274.42 trillion as of June 30, 2020 or grew 0.94 percent yoy. Cim Niaga Bank Finance & SPAPM Director Lee Kai Kwong said asset quality management is CIMB Niaga's focus in facing challenging economic conditions due to the Covid-19 pandemic. Therefore, CIMB Niaga prioritizes strengthening relationships with existing customers, in addition to remaining open to new customers selectively, especially those with good conditions and potential. Furthermore, CIMB Niaga implemented several policies to ensure the quality of assets is maintained properly, one of which is tightening new lending. Other efforts are launching a relaxation program for customers, increasing the intensity of communication with customers, and increasing the intensity of early warning, challenging economic conditions due to the Covid-19 pandemic led to an increase in backup costs resulting in profit adjustments.

Therefore, CIMB Niaga's ROA fell from 1.51 percent in the first half of 2019 to 1.28 percent in the same period in 2020. Bank CIMB Niaga continues to strengthen relationships with customers by providing excellent service and regularly contacting customers to introduce new products and features to build relationships with customers. This research emphasizes the importance of the Role of Relationship Marketing in increasing Customer Loyalty. First, this research examines the influence between financial ties on customer loyalty? The two influences between social ties on customer loyalty? Third, the effect between structural benefits on customer loyalty? Fourth, the simultaneous influence between financial ties, social ties and structural benefits on customer loyalty. The limitation of research is that this research was conducted on CIMB Niaga bank customers who became followers on cimb_niaga Instagram account. This research contributes to knowing how relationship marketing influences in increasing customer loyalty.

2. Literature Review

2.1. Customer Relationship Marketing (CRM)

Customer relationship marketing is a strategy to build long-term relationships between companies and their consumers (Bhakane, 2015; Dowling, 2002; Lam et al., 2013; Richards & Jones, 2008). Every customer wants to be treated the way the consumer wants. This shows why many companies want to implement this strategy to be able to gain loyalty from their consumers (Persson et al., 2004). CRM is the process of managing detailed information about each consumer and managing all aspects that consumers need to maximize consumer loyalty (Keller & Kotler, 2012). According to Keller & Kotler (2012), there are 3 approaches to maintain and develop a company's relationship with its consumers, namely, financial benefits, social benefits, and structural ties.

2.2. Financial Benefit

According to Keller & Kotler (2012), the first approach to building a value relationship with consumers is to provide financial or economic benefits. These economic benefits can be in the form of cost savings incurred by consumers, the provision of special discounts at certain times, vouchers, cheaper prices, promos and other economic benefits. According to Boone (2015), financial benefit is a business that provides price incentives to consumers so as to provide benefits for consumers. Price incentives are money savings that consumers will spend so that consumers are interested in making repeated purchases or loyalty (Alba et al., 1997; Close & Kukar-Kinney, 2010; Frederiks et al., 2015). In this financial benefit use a membership card to be able to get loyalty from consumers. One example in this approach is to offer the use of a membership card that is a reward for consumers. Increasing financial benefits is the most used strategy, the main idea to set this strategy is to motivate consumers to maintain relationships due to some financial incentives. The most frequent implementation of the provision of financial benefits is through financial frequency programs such as rewards in the form of special discounts on consumers who often make purchases or when buying in large quantities.

2.3. Social Benefit

Social benefit aimed to help companies to get closer with the consumers by trying to give extra miles individually (Lettice & Parekh, 2010; Ulaga, 2003). Employee seeks to increase social benefits with consumers by building relationships with each consumer more personally. Basically, a restaurant that treats its consumers well makes that consumer feel more cared for. The safer and more comfortable a consumer is treated by a restaurant, the more loyal the consumer will be. The easiest implementation of social benefit provision is to remember the name of the consumer. This has been widely applied by various companies, employees will greet consumers and be able to remember what services are preferred by consumers based on existing databases (Keller & Kotler, 2012). Building relationships with consumers by providing financial benefits is important, but not enough to reach this stage only. Furthermore, (Keller & Kotler, 2012) states that companies need to also provide social benefits to their consumers. Social benefits touch more on consumers' needs and desires more personally. At this level, the relationship with consumers is not only created because of price incentives provided by the company, but there are social benefits and even friendships both between companies and consumers, and between consumers with each other. The implementation of the easiest social benefit provision is to try to remember the name of the individual consumer.

2.4. Structural Benefit

Build profitable long-term relationships with consumers through the provision of structural benefits making it easier for consumers to transact with companies. With this benefit means the company tries to help consumers to always provide the latest information needed so that consumers feel valued and more satisfied with the company. This latest information can be seen through online media to make it easier for consumers to get information. This online system also makes consumers feel more valued and a part of the company (Keller & Kotler, 2012). Another benefit of structural ties, namely in the form of customization benefits. Customization benefits received by consumers can include consumer

perceptions of preferential treatment, special attention or individualized rewards, and services in particular. (Silalahi, 2013), the measures used to find out how much customization benefits consumers receive are:

- Preferential treatment is the special treatment given by the service provider to the consumer caused by a good relationship between the two. Preferential treatment is received by consumers when the service provider attempts to meet detailed service requests from consumers, while special attention is received by consumers if consumer loyalty is more important than additional services received by consumers.
- Special service is an additional, physically invisible service provided to consumers.
- Extra attention is more attention to consumers given by service provider.

2.5. Loyalty

Loyalty is a deep commitment that leads to the repurchase of a product or service chosen in the future, by buying the same brand over and over again, even though situational influences and marketing efforts potentially cause behavior to move (Soetjipto & Usmara, 2002). Being part of the company for consumers means being willing to buy products or services in larger quantities, providing positive recommendations and willing to inform the company if there is an error in service operations. Consumer loyalty means repeat purchases, referral means a person can refer a product to a relative or other person and retention is resistance to negative influences on the company (Keller & Kotler, 2012). Based on the above statement, it can be explained that loyalty refers more to the form of behavior of decision-making units to make continuous purchases of the goods / services of a selected company. Loyal consumers are an important asset of the company, because the characteristics it has are able to make the economic income of a company become guaranteed with regular cash flow (Nuryadi, 2001). There are 4 characteristics of loyal customers (Griffin, 2002), namely: make regular purchases, buying outside the service product line, recommend and demonstrate immunity from the attractiveness of similar products from competitors.

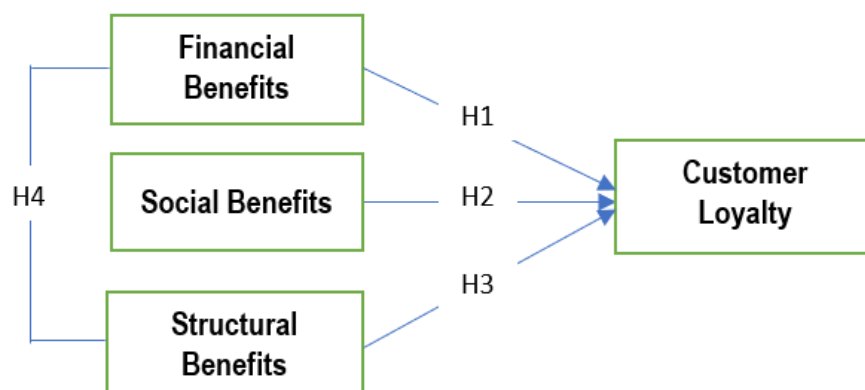


Figure 1. Research Framework

3. Materials and Methods

This study is designed using a quantitative approach through survey questionnaire. A total of 100 CIMB bank customers participated in this study. The sample of this study is CIMB bank customer follower in CIMB_Niaga's Instagram account as much as 266,000. The collected data analyzed using descriptive statistics and multiple linear regression. In addition, the data collection techniques used in this study are through literacy studies as well as data on the bank's annual performance report.

4. Results and Discussion

The Normality test aims to test whether in regression models, confounding or residual variables have a normal distribution (Liang & Wang, 2005). Data normality testing can be done using two methods, graphs and statistics. Test the normality of the graph method using the normal probability plot, while the statistical method normality test uses the Kolmogorov Smirnov Test one sample test.

Table 3. Result of Normality using One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	1.28208059
Most Extreme Differences	Absolute	0.062
	Positive	0.062
	Negative	-0.060
Test Statistic		0.062
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Table 3 captures the results of data normality testing using Kolmogorov Smirnov. The result found that Asymp. sig value. (2-tailed) is 0.200 or higher than 0.05. Thus, we can conclude the data in the study was normally distributed.

Table 4. Result of Multicollinearity test using Variance Inflation Factor (VIF)

Variable(s)	Collinearity Statistics	
	Tolerance	VIF
Financial Benefits	0.535	1.868
Social Benefits	0.511	1.958
Structural Benefits	0.794	1.259

a. Dependent Variable: Customer Loyalty

Table 4 reports the result of multicollinearity test using variance inflation factor (VIF). The tolerance value of the Financial benefits is 0.535 Social benefits (X2) is 0.511, Structural benefits (X3) is 0.794. Thus, we identified that the tolerance values are greater than 0.10. Besides that, the VIF of Social benefits (X1) is 1,868, Financial benefits (X2) is 1,958 and Structural benefits (X3) is 1,259 where all are smaller than 10. Based on the results of the calculation above the tolerance value of all free variables greater than 0.10 and the VIF value of all free variables is also smaller than 5 so that there are no correlation symptoms in free variables. So, we can conclude that there are no symptoms of multicollinearity between free variables in the regression model. The heteroskedasticity test aims to test whether from regression models there is a variance inequality from residual one observation to another. A good regression model is homoscedasticity or the absence of heteroskedasticity. One way to detect the or absence of heteroskedasticity is by Scatterplot. Based on the results of data processing, the heteroskedasticity test in this study is shown in the following Figure 2:

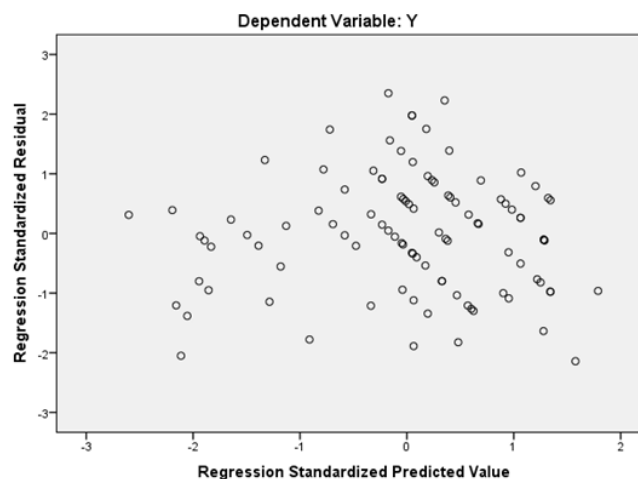
**Figure 2.** Result of Heteroskedasticity Test using Scatterplot

Figure 2 displays the data pattern spreads perfectly, some are above zero and some spread below zero. Because this can be concluded there are no symptoms of heteroskedasticity in regression models. Also, we report the result of hypothesis test using multiple linear regression analysis. The results as seen in Table 5 below:

Table 5. Result of Hypothesis Testing

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.923	0.532		5.498	0.000
Financial Benefits	0.230	0.047	0.340	4.844	0.000
Social Benefits	0.308	0.047	0.470	6.532	0.000
Structural Benefits	0.130	0.034	0.218	3.788	0.000

a. Dependent Variable: Customer Loyalty

Table 5 shows the result of hypothesis testing. The result indicates that financial benefits, social benefits and structural benefits have a significant and positive effect on customer loyalty. The regression coefficient of the financial benefits is 0.230, std. error is 0.047, t-stats is 4.844 and significant at the level 0.01. It means that when financial benefits increase by 1 percent, it is predicted that the customer loyalty increases by 23 percent and assuming the Social benefits (X2) and structural benefits (X3) are constant. The regression coefficient of the social benefits is 0.308, std. error is 0.047, t-stats is 6.532 and significant at the level 0.01. It means that when social benefits increase by 1 percent, it is predicted that the customer loyalty increases by 30.8 percent and assuming the financial benefits (X1) and structural benefits (X3) are constant. The regression coefficient of the structural benefits is 0.130, std. error is 0.034, t-stats is 3.788 and significant at the level 0.01. It means that when structural benefits increase by 1 percent, it is predicted that the customer loyalty increases by 13 percent and assuming the financial benefits (X1) and social benefits (X2) are constant.

Table 6. Result of ANOVA test

	Sum of Squares	df	Mean Square	F	Sig.
Regression	479.031	3	159.677	94.199	0.000 ^b
Residual	162.729	96	1.695		
Total	641.76	99			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), structural, financial, social benefits

Table 6 reports the result of ANOVA test to examine the effect of studied variables simultaneously to customer loyalty. The result indicates that the value of F-stat is 94.199 and significant at the level 0.01. It means the variable of financial, social and structural benefits have simultaneously influence customer loyalty. In addition, this study reports the coefficient of determination. The greater the value of the coefficient of determination, the better the ability of the variable to explain the studied variable. When the coefficient determination (R²) is getting greater (close to 1), then it can be said that the effect of independent variables (X) are large on dependent variable (Y). The result of coefficient determination as seen in Table 7 below:

Table 7. Model Summary^b

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.864 ^a	0.746	0.739	1.30196	1.282

a. Predictors: (Constant), structural, financial, social benefits

b. Dependent Variable: Customer Loyalty

Table 7 displays that the value of adjusted R square is 0.739 or 73.9 percent. This suggests that Financial benefits (X1), Structural benefits (X2) and Social benefits (X3) can explain their relationship to Customer Loyalty (Y) as much as 73.9 percent and the remaining 26.1% is explained by other variables, which not involved in this research.

5. Conclusion

This study concludes that the customers consider to always be loyal and customers have a benefit to always be in touch with Cimb Niaga Bank. Financial benefits are the existence of rewards in the form of prizes in the form of prizes in the form of prizes in the draw to customers or souvenirs given to customers. Social benefits are maintaining good relations with customers, able to solve well the problems faced by customers quickly. Structural benefits where the bank can guarantee customer funds so that Bank CIMB Niaga can improve performance because it can provide relationship benefits to customers. Of the three benefits that most dominantly affect customer loyalty is the social benefits. This research is expected to provide advice or consideration for CIMB Niaga Bank to increase customer loyalty. Further research is expected to expand the scope of research or take a more detailed approach in measuring customer loyalty.

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