The Effect of Product Innovation and Relational Marketing on Customer Loyalty with Customer Satisfaction as an Intervening Variable at Bank Syariah Indonesia Basuki Rahmad Situbondo

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ABSTRACT

In this study, customer satisfaction is used as an intermediary variable to test the direct or indirect effect of product innovation and relational marketing on customer loyalty at Bank Syariah Indonesia Basuki Rahmad Situbondo. The samples used were 400 samples. WarpPLS 5.0 and Structural Equation Model (SEM) are the analytical methods used. The findings of this study indicate that (1) product innovation has a considerable and beneficial impact on consumer satisfaction. (2) The relationship between marketing and consumer happiness is significantly and beneficially affected. (3) Customer loyalty is significantly and profitably affected by product innovation. (4) The relationship between marketing and consumer loyalty is significantly and beneficially affected. (5) Customer loyalty has a strong and beneficial influence on customer satisfaction. (6) Product innovation has a significant and beneficial indirect impact on consumer loyalty and customer satisfaction. (7) Relationship marketing indirectly affects client loyalty in a profitable and meaningful way through increasing customer happiness.

Keywords: Product Innovation, Relational Marketing, Customer Loyalty and Customer Satisfaction.

ABSTRACT

In this study, customer satisfaction was used as an intermediary variable to examine the direct and indirect effects of product innovation and relational marketing on customer loyalty at Bank Syariah Indonesia Basuki Rahmad Situbondo. There were 400 samples used in this investigation. WarpPLS 5.0 and the Structural Equation Model (SEM) were the analytical methods employed. The findings of this study show that (1) product innovation has a considerable and favorable impact on consumer satisfaction. (2) The relationship between marketing and consumer happiness is significantly and favorably impacted. (3) Customer loyalty is significantly and favorably impacted by product innovation. (4) The relationship between marketing and consumer loyalty is significantly and favorably impacted. (5) Customer loyalty has a strong and favorable impact on customer satisfaction. (6) Product innovation has a favorable and considerable indirect impact on consumer loyalty and customer satisfaction. (7) Relationship marketing indirectly influences client loyalty in a favorable and meaningful way through improving customer happiness.

Keywords:Product Innovation, Relationship Marketing, Customer Loyalty, Customer Satisfaction.

1. PRELIMINARY

Without exception, the banking industry is one of the public saving institutions. Bank is a legal entity that is recognized according to Law Number 10 of 1998 which accepts deposits from the general public and provides funds to the general public in the form of credit or other payments with the aim of improving the welfare of the community. living conditions for the general public. The two main types of bank flows in Indonesia are Islamic banks and conventional banks. Banks that operate according to sharia or Islamic law, as determined by the fatwa of the Indonesian Ulema Council, are referred to as "sharia banks." The main justification for the existence of Islamic banks is their adherence to sharia principles, which is also seen as one of their strongest points. Islamic banking seeks to support the implementation of national development in order to maximize the distribution of welfare and justice for the community. The purpose of Islamic banking is indicated by the growth of Islamic banks [14].

Offering financial goods and services to customers who need financing to develop their businesses or to people who will establish them, Bank Syariah Indonesia operates on the principle of financial inclusion. Through the Daya program, Bank Syariah Indonesia also offers basic financial management training to support customers' lives and promote a healthy society. The business direction of Bank Syariah Indonesia is reflected in its vision, mission, and values, so that it is able to achieve its goal of building millions of Indonesian people. In line with this, it is his goal to collaborate with others to develop business expansion opportunities and lead a more fulfilling life. The Bank puts forward four main principles, including professionalism, integrity, respect for others, and cooperation,

Businesses can thrive in a competitive market where maintaining customer loyalty is essential. Companies must be able to forge strong bonds with their clients and clients. One way to develop a product or find something new is through product innovation. This is done so that customers are not disappointed with the same old product being produced. Companies are constantly in need of innovation, be it for commercial goods, consumer goods, or services. because it is always anticipated that what is being offered will change or advance [6].

The definition of customer satisfaction is recognized as the key to meeting the requirements and demands of clients in a service setting. Customer behavior after purchasing tangible or intangible goods affects how satisfied customers are (Javed et al, 2017).

Happy customers will be able to make more purchases in the future and recommend the business to others. Due to the loyalty fostered by its customers, Bank Syariah Indonesia will simultaneously benefit from the profitability of the sale of the products produced and attract new customers who will be attracted by the loyalty of existing customers, resulting in increased profits for the continuity of the company's operations.

Customer satisfaction is very important to maintain customer loyalty because dissatisfied consumers often choose to switch to other banks instead of Bank Syariah Indonesia. Worse, dissatisfied customers often complain to other customers, which can damage the company's reputation.

Relational marketing is a technique for selecting and managing clients to maximize long-term value. Another design method for understanding, predicting, and connecting more closely with customers is relational marketing. It is very important for marketers not only to get customers, but also to be able to retain existing customers. Getting a new client may be much more expensive than keeping an existing one. Businesses will not be able to survive in the long term if they cannot grow their customer base. Relationship marketing, or

relationship marketing, is essential in this grim situation. Murphy and Mark, business authors, claim that a 2% increase in customer retention can result in a 10% reduction in costs. Customer retention which increases by 5% has the potential to increase the company's profitability by 25% to 75%. What marketers love about businesses with few resources is bringing in new customers/retaining existing customers.

Due to the absence of customer loyalty to the financing products provided by Bank Syariah Indonesia, the researchers noted this in the field. Some customers believe that when opening a savings account they are not immediately provided with an ATM card, that the interest rate for BSI's financing products is higher than that of traditional banks, and because BSI is the result of a merger of BRI Syariah, BNI Syariah, and Bank Syariah Mandiri, migration complaints about feature downgrades often occur. the account most felt by former BNI Syariah customers who claimed that the transaction menu at BNI ATMs was no longer full, there were no more free transfers from or to BNI accounts, and BNI branches were no longer used for transactions. In addition, many customers claim to be trapped in their savings. The banking industry accepts a number of explanations,

While the research gap is based on the findings of the study by [4], which found that product innovation has an impact on satisfaction but it is not statistically significant, the researchers in this study obtained several empirical study results that contradict the findings of the product innovation theory. customer. According to Arriyani's research, relational marketing at PT BPRS Sukowati does not have a significant positive impact on consumer loyalty [5]. According to research by Siti Amalia and Ari Susantiaji, relational marketing has a small but direct impact on consumer loyalty. According to Handayani's research (2018), switching costs are used as an intervening variable in processing customer satisfaction data on customer loyalty, so there is no positive and significant relationship between the two..

Based on the marketing theory, it was found that the strategy used to increase customer loyalty of BSI Situbondo. Because it adds to customer satisfaction as an intervening variable based on previous contradictory research and phenomena in the field, this study will examine "The Effect of Product Innovation and Relational Marketing on Customer Loyalty with Customer Satisfaction as an Intervening Variable (At Bank Syariah Indonesia Basuki Rahmad Situbondo)"

Bank Syariah Indonesia Basuki Rahmad Situbondo was chosen as the research subject based on the theory and empirical evidence described. Wadiah, mudharabah, and hajj savings are one of the most accessible BSI savings options in the Basuki Rahmad Situbondo area. ASN Financing, KUR, Home Financing, Special Elderly Partner Financing, and Special Financing are all financial products offered by BSI in addition to savings. These products are also known as credit or financing products. There are three sub-branches of Bank Syariah Indonesia in Situbondo: BSI Panji, BSI Ahmad Yani, and BSI Basuki Rahmad.

2. RESEARCH METHODS

This research uses quantitative methods. Quantitative research is research that is based on real experience and collects data in numerical and quantifiable form known as quantitative research (Punch, 2021). This study uses four (four) variables: two independent variables (X), namely product innovation (X1) and relational marketing (X2); and the dependent variable (Y), is customer loyalty; and for the intermediate variable (Z) used is customer satisfaction. Each will determine whether there is a strong, adequate, or weak correlation between the variables and whether this has an impact on the relationship between the variables.

The categories of data used are primary data, information collected through surveys or polls provided directly by Bank Syariah Indonesia Basuki Rahmad Situbondo to its customers. Sources of research data obtained and collected by researchers indirectly, but in collaboration with third parties, namely how to distinguish secondary data from primary data in research. In addition, journals, company profiles, etc. can be used to search for secondary data. (Syafnidawaty, 2020)

The population used is all customers of Bank Syariah Indonesia Basuki Rahmad Situbondo, both funding and financing customers, with a total of 348,024 customers as of December 2021.

The selection of the sample must be careful because the results will reflect public opinion (Ghozali, 2018). This study uses the Slovin formula because the calculation can be done without a sample size table using the direct formula and the calculation below as a substitute for the sample number which must be representative so that the research findings can be generalized: $S = \frac{p}{(p.e2)+1}$

Where :

P = population

S = sample

E = error rate that can still be tolerated (5%) so that the sample formula can be determined as follows

$$S = \frac{348.024}{(348.024 * 0,05^2)+1} \qquad S = \frac{348.024}{871,06}$$

S= 399.5407894 rounded off by 400 respondents

Researchers used a sample of 400 respondents based on the sample calculations in the previous section. The sampling method used is non-probability with a purposive sampling approach adopted. With a sampling strategy known as "purposive sampling", the sample to be used for research is selected by the researcher using various criteria and considerations relevant to the investigation (Purwanto, 2019).

3. RESULTS AND DISCUSSION

Outer Model Evaluation

Validity test

This validity test, according to Sugiyono (2017), reveals that the validity test is useful for testing the data used is valid or not by using a measuring instrument (questionnaire). For the convergent validity test and discriminant validity test, the validation test requirements include the use of cross loading factor criteria with a value > 0.70 and the average extracted variance (AVE) with a value above 0.70. The following are the results of WarpPLS 5.0:

According to Sugiyono (2017), this validity test is used to see whether the data obtained by the research is valid data or not (questionnaire).

Tabel 4.1
Combined Loadings And Cross-Loadings

	X1	X2	Z	Y	Type (a	SE	P value
X1.1	0.749	0.017	-0.098	0.192	Reflect	0.045	<0.001
X1.2	0.830	-0.149	0.069	-0.086	Reflect	0.045	<0.001
X1.3	0.814	-0.091	0.000	-0.010	Reflect	0.045	<0.001
X1.4	0.846	0.219	0.019	-0.076	Reflect	0.045	<0.001
X2.1	0.158	0.859	-0.202	0.137	Reflect	0.044	<0.001
X2.2	0.102	0.867	-0.149	0.159	Reflect	0.044	<0.001
X2.3	0.052	0.831	-0.005	-0.057	Reflect	0.045	<0.001
X2.4	-0.398	0.701	0.456	-0.311	Reflect	0.046	<0.001
Z1	0.065	0.363	0.723	-0.302	Reflect	0.045	<0.001
Z2	-0.138	0.387	0.771	-0.405	Reflect	0.045	<0.001
Z3	0.162	-0.167	0.772	-0.148	Reflect	0.045	<0.001
Z4	-0.057	-0.132	0.723	0.146	Reflect	0.045	<0.001
Z5	-0.103	-0.104	0.751	0.347	Reflect	0.045	<0.001
Z6	0.101	-0.483	0.735	0.520	Reflect	0.046	<0.001
Y1	-0.100	0.037	0.007	0.899	Reflect	0.044	<0.001
Y2	0.088	-0.170	0.112	0.838	Reflect	0.045	<0.001
Y3	0.177	-0.301	0.006	0.831	Reflect	0.045	<0.001
Y4	-0.182	0.499	-0.146	0.719	Reflect	0.045	<0.001

Sumber : Data primer diolah 2022

Each value on the cross-loading factor has reached a value of more than 0.7 with p less than 0.001 it is revealed that the requirements of the convergent validity test are met according to the findings of the WarpPLS 5.0 calculation in Table 4.2.

Table 4.2
Comparison of Roots of AVE with Correlation between Variables

	X1	X2	Z	Y
X1	0.811	0.700	0.555	0.499
X2	0.700	0.811	0.585	0.525
Z	0.555	0.585	0.717	0.752
Y	0.499	0.525	0.752	0.824

As can be observed from Table 4.2, the AVE root value obtained from the results of the same variable has a higher value than the AVE root value of other variables. This reveals that the discriminant validity test carried out has been fulfilled and the results of the validity test in this study have also met the requirements.

Reliability Test

This test is a test used in assessing the indicators of the questionnaire variables. When the questionnaire can collect information about the actual ability of the subject and is not affected by environmental factors, such as the location of the subject, it is said to be reliable (Thabroni, 2021). The following are the results of WarpPLS 5.0 data processing:

Table 4.3
Reliability Test

Variable	Composite reliability	Cronbach's alpha
Product Innovation	0.884	0.825
Relational Marketing	0.884	0.823
Customer Satisfaction	0.863	0.807
Customer Loyalty	0.894	0.840

Source :Primary data processed 2022

The composite value reliability coefficient and Cronbach's alpha coefficient above 0.7 became the basis for the reliability test. The findings in Table 4.3 show that the reliability test criteria were met by the questionnaire instrument used in this study.

Inner Model Evaluation

Hypothesis test results

The results of the analysis of the PLS SEM model, which includes all the variables that underlie hypothesis testing, serve as the basis for hypothesis testing. The PLS model shows that the addition of variables will provide an additional contribution as an explanation of customer loyalty. The customer satisfaction variable has been added as a mediating variable.
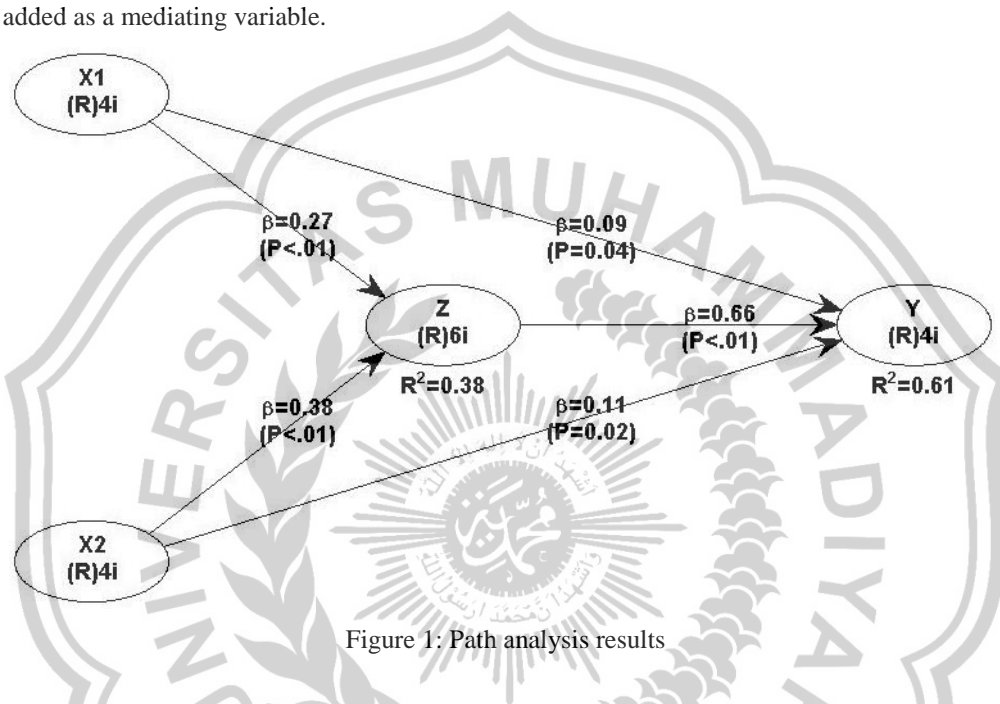

Figure 1: Path analysis results

Direct Effect Path Coefficient Calculation

This section uses path analysis to characterize each path in the model section. The results of each path studied at BSI Basuki Rahmad Situbondo show the direct and indirect effects of product innovation (X1) and relational marketing (X2) on customer loyalty (Y) and satisfaction (Z). This will determine whether the formulated hypothesis is rejected or accepted by determining whether each path is significant or not. Each route tested serves as a research hypothesis. The path coefficient values are shown in the table below:

Table 4.4

Direct Effect Path Coefficient Value

No.	Variabel Bebas	Variabel Terikat	Path Coefficient	ρ-value	Keterangan
1.	X1	Z	0,266	0,001	Signifikan
2.	X2	Z	0,385	0,001	Signifikan
3.	X1	Y	0,088	0,037	Signifikan
4.	X2	Y	0,107	0,015	Signifikan
5.	Z	Y	0,661	0,001	Signifikan

a. The effect of product innovation (X1) on customer satisfaction (Z)

Table 4. 4 shows that the path coefficient value to test the effect of product innovation variable (X1) on customer satisfaction is 0.266 with a value of -0.001. It can be concluded that H0 is rejected as evidenced by the -value 0.001 <0.05, so product innovation has a strong effect (X1) on customer satisfaction (Z).

b. Effect of relational marketing (X2) on customer satisfaction (Z)

Table 4. 4, Path coefficient is 0.385 with a value of -0.001 to assess the relational marketing variable (X2) on customer satisfaction (Z). It can be concluded that H0 is rejected because it has a value of more than 0.001 < 0.05, relational marketing (X2) has a large effect on customer satisfaction (Z).

c. The effect of product innovation (X1) on customer loyalty (Y)

Table 4. 4 shows that the Path coefficient value for testing the effect of product innovation variable (X1) on customer loyalty (Y) is 0.088 with a value of -0.009. It can be concluded that H0 is rejected which is seen with a -value of 0.037 <0.05, there is a fairly large influence of product innovation (X1) on customer loyalty (Y).

d. Effect of relational marketing (X2) on customer loyalty (Y)

Table 4. 4 shows the Path coefficient value of 0.107 with a value of -0.001 to test the relationship marketing variable (X2) on customer loyalty (Y). It can be concluded that H0 is rejected, which is seen with a -value of 0.015 <0.05, relational marketing (X2) has a large effect on client loyalty (Y).

e. The effect of customer satisfaction (Z) on customer loyalty (Y)

Table 4. 4 shows the Path coefficient value of 0.661 with a value of -0.001 to assess customer satisfaction (Z) on customer loyalty (Y). It can be concluded that H0 is rejected as evidenced by the -value 0.001 <0.05, then there is a strong influence between customer satisfaction (Z) on customer loyalty (Y).

Indirect Influence Pathway

Tabel 4.5

Koefisien Jalur Pengaruh Tidak Langsung

Variabel Bebas	Variabel Terikat	Direct	Indirect	Total	keterangan
X1	Y	0,088	0,176	0,264	Signifikan
X2	Y	0,107	0,254	0,361	Signifikan

Sumber: Data primer diolah 2022

From table 4.5 above, it is revealed that:

a. The value of 0.264 is the impact of product innovation (X1) on customer loyalty (Y), each of which is 0.088 as a direct effect and 0.176 as an indirect effect.

b. Relational marketing (X2) has an overall effect of 0.361 on customer loyalty (Y), with a direct effect of 0.107 and an indirect effect of 0.254.

Table 4.6

Coefficient of Determination

Variable	R-squared coefficients	Classification
X1 and X2	0.378	Weak correlation
X1,X2,Z	0.611	Strong correlation

Source :Primary data processed 2022

Based on the value of the r-square disclosed in Table 4.6, it is revealed that product innovation and relational marketing can only explain 37.8%, or weak connection, of the customer satisfaction variable, while the remaining 62.2% is influenced by other factors that influence the variable. Y. However, product innovation, relational marketing, and customer satisfaction are only able to contribute up to 61.1% and the remaining 38.9% is explained by other variables not included in this study.

4. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

From the above data processing, it can be concluded that there is a significant indirect effect of X1 and X2 through the Z variable on the Y variable. It can be interpreted that there is a significant indirect effect of relational marketing and product innovation through customer satisfaction on customer loyalty. From these findings, the researcher concludes that the hypothesis "There is an effect of relational marketing and product innovation on customer loyalty at BSI Basuki Rahmad Situbondo with customer satisfaction as an intervening variable is acceptable. BSI Basuki Rahmad Situbondo should make improvements regarding the products made.

Suggestion

The following are recommendations made as a complement to the research findings based on the conclusions drawn from this study:

a. Although the results of the study reveal that product innovation has a major influence on customer loyalty and satisfaction of Bank Syariah Indonesia Basuki Rahmad Situbondo, the researchers suggest to pay attention to and pay attention to the goods developed.

b. Further research is needed on topics such as corporate image, sharia service quality, and customer trust in addition to product innovation and relational marketing.

c. The study findings show that the involvement of intervention variables in customer satisfaction can increase the impact of product innovation and relational marketing, as indicated by higher indirect effect values than their direct counterparts. To turn customers into business partners through new products and according to customer needs, BSI Basuki Rahmad Situbondo must focus on customer satisfaction by referring to product innovation and relational marketing.

d. The results of the R2 test indicate that this study needs to take into account other variables in future studies. Additional factors that may have an impact on consumer loyalty should be included in future studies.

e. According to BSI Basuki Rahmad Situbondo, this finding is expected to provide empirical evidence on the impact of product innovation and relational marketing on consumer loyalty. In addition, the findings of this study can make a positive contribution to the growth of marketing management, especially when used as a resource by other parties conducting research on product innovation and relational marketing in banks.

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