THE EFFECT OF RELATIONSHIP MARKETING AND SERVICE QUALITY OF CUSTOMER SATISFACTION AND ITS IMPACT ON CUSTOMER LOYALTY IN BANK BPD BALI RENON

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Abstract
The purpose of this study is to examine and analyze the effect of relationship marketing, service quality on customer satisfaction, influence relationship marketing, service quality on customer loyalty, influence of customer satisfaction on customer loyalty. This research was conducted at the Bali Regional Development Bank (BPD) in 2019. Analysis of the data used in this study was Partial Least Square (PLS). The results showed that Relationship marketing has a positive and significant effect on customer satisfaction. Service quality has a positive and significant impact on customer satisfaction. Relationship marketing has a positive and significant impact on customer loyalty. Service quality has a positive and significant impact on customer loyalty. Customer loyalty has a positive and significant impact on customer loyalty.

Keywords: Relationship Marketing, Service Quality, Customer Satisfaction, Impact, Customer Loyalty

INTRODUCTION
In modern marketing, the marketing paradigm has shifted, not only creating transactions to achieve marketing success, but companies must also establish relationships with customers in their marketing strategies, this paradigm which is often referred to as customer relationship marketing, which is able to empower the power of customer desires with the pressure of information technology to provide satisfaction to customers. Its scope includes the demands of globally integrated quality management to more aggressively meet customer business needs. The business strategy is also focused on continuity and satisfaction customer and works to anticipate the needs and adjust the product results.

Submission of the value (value) and improve customer loyalty is also the focus that companies today must begin. Loyalty means that consumers come back again and again to do business transactions (purchases), although it may be that the company's products are not the best products on the market or have the lowest prices. Consumer behavior that is quite "irrational" can be explained by a view that "good relationship" (good relationship) that exists with consumers is the key to a company's success in retaining customers. With a tight environment in this competition, consumers have ample opportunities to get products that match their wants and needs so that to meet this, a company must be able to provide products of better quality (better in quality), cheaper prices (cheaper in price), faster information (faster delivery) and better service (better in service) compared to its competitors. The growing development of e-business, forcing companies to use the right solutions and applications to be able to maintain or increase revenue so that the interests of customers are the main concern. Various attempts were made so that the customer relationship with the company went well (www.businessweek.com).

Maintaining a good relationship with customers is important for the company. Often many people ignore the good relationship between the company and customers or consumers, but instead fostering a good relationship is one proof of the success of the services performed by the company. With a satisfying
service for customers or consumers, customers will not think of trying the services and products offered by other companies.

*Customer Relationship Marketing* (CRM) is a strategy of how to optimize profitability through developing customer satisfaction. CRM is a strategy that focuses on all things related to customer focus. Research on *Customer relationship marketing* (CRM) and personal selling influence on customer satisfaction at PT Virgo express tours & travel Manado by Bhaskara et al. (2014). Shows that CRM has a partial effect on customer satisfaction of tour & travel service users at PT. virgo express tour & travel manado.

Satisfied customers will buy again, and they will tell others about their good experience with the product. Smart companies intend to satisfy customers by only promising what they can give, then giving more than they promised. Imasari and Nursalin’s research (2011) shows that *customer relationship marketing* has an effect on customer loyalty otherwise accepted. Overall, the implementation of *customer relationship marketing* that has been carried out by PT BCA Tbk has been rated well by the customer. Satisfaction with the performance and increasing credibility of a bank will increase customer loyalty, and it is believed to be able to have a positive impact and have a significant effect on the survival of the bank both in the short and long term. Another advantage possessed by internet banking is that it can make payments *online* such as payments for telephone, gas, PAM, taxes, insurance, installments, education and others.

Other researchers were also conducted by Ubaidillah et al. (2017) which examines the effect of *relationship marketing* and service quality on customer satisfaction and loyalty. The results of his research show that *relationship marketing* has a direct effect on customer loyalty. Improved service quality can increase customer loyalty. *Relationship marketing* has an indirect effect on customer loyalty through customer satisfaction. Service quality has a positive effect on customer loyalty through customer satisfaction.

Research conducted by Ubaidillah et al. above, in line with the results of research conducted by Putri et al. (2014) who examined the influence *relationship marketing* to customer satisfaction and loyalty. The results of his research show that the influence of *relationship marketing* to customer loyalty is 25.3% and the effect indirect of *relationship marketing* to customer loyalty is 58.2%. The Variable *customer satisfaction* strengthens the relationship between variables *relationship marketing* and customer loyalty.

Novianti et al. (2018) examine customer satisfaction mediating the effect of service quality and promotion on customer loyalty. The results of his research indicate that there is a significant direct effect between service quality on customer satisfaction and on customer loyalty. Service quality also has a positive and significant indirect effect on customer loyalty through customer satisfaction.

The results of the above study are different from the results of research conducted by Sari (2017). The results of his research found *relationship marketing* has no significant effect on loyalty and satisfaction. Similarly , the results of research conducted by Santoso and Japariant (2015) which examined the effect of *relationship marketing* on customer satisfaction. The results of his research found customer satisfaction has a significant effect on customer loyalty but does not provide an impact that can strengthen customer loyalty.

This research was conducted at the Regional Development Bank (BPD) of Bali, which is the only bank owned by the regional government of Bali. Bali realizes the importance of the concept of *customer relationship marketing* which is a strategy that can be implemented to retain old customers and even win the hearts of new customers, so this agency applies *customer relationship marketing*. This concept expects innovation and improvement of services and facilities in order to satisfy and create customer loyalty so as to create a long-term harmonious relationship between BPD Bali and customers. Therefore, the implementation of *customer relationship marketing*, service quality and customer satisfaction it is very necessary that BPD can increase customer loyalty which in turn can also increase company profitability.

However, based on data obtained by the author in the field, the growth in the number of Bank BPD Bali customers over the past 5 years, from 2015-2019 fluctuate or fluctuate, as shown in the following figure.
Figure 1 above presents the growth in the number of Bank BPD customers Bali fluctuating from 2015-2019. In 2015 the number of customers grew by 1.11% compared to the previous year. In 2016 it decreased by -19.08%, then in 2017 it increased by 1.52%. In 2018 it again decreased by 0.66% and in 2019 it increased again by 3.65%.

Based on the background of the problem and the identification of the problems raised above, then the problem can be formulated in this study. The research problem formulation is presented as follows:
1. Does relationship marketing directly affect customer satisfaction?
2. Does service quality directly affect customer satisfaction?
3. Does relationship marketing directly affect customer loyalty?
4. Does service quality directly affect customer loyalty?
5. Does customer satisfaction directly affect customer loyalty?

LITERATURE REVIEW
Customer Loyalty
Customer loyalty is the behavior associated with the brand of a product, including the possibility of renewing the brand contract in the future, how much is the possibility of customers changing their support for the brand, what is the likelihood of the customer's desire to improve the positive image of a product. If the product is unable to satisfy the customer, the customer will react by exiting (the customer declares to stop buying a brand or product) and voice (the customer expresses dissatisfaction directly with the company).

Many factors affect customer loyalty, including customer relationship marketing. Customer relationship marketing (CRM) is a combination of people, processes and technology that seeks to understand the company’s customers. CRM is an approach integrated to managing customer relations with a focus on customer retention and relationship development. Many companies are currently trying to rebuild relationships with customers who still exist to encourage customer loyalty for the long term (long term customer loyalty). Because the longer a customer is in one company or uses a brand, the greater the profit obtained by the company (Muhammad Adam, 2015: 70).

Besides relationship marketing, another factor that influences customer loyalty is service quality. Majid (2009: 49) states that the quality or quality in the service industry is a presentation of a product or service according to the size applicable at the place where it is held and delivery is at least the same as desired and expected by consumers.

Relationship marketing and service quality will have an impact on increasing customer satisfaction. Hasan, (2009), customer satisfaction is a customer response to the evaluation of the perceived discrepancy between expectations before purchase and the performance actual of the product felt after its use. The same thing was stated by Kotler, and Keller (2013: 36) states that satisfaction is a person's feelings of pleasure or disappointment resulting in a form of a product's perceived performance (or outcome) in relation to his expectations, or satisfaction is the level of one's feelings after comparing
perceived performance or results compared to his expectations. Customers are satisfied when their expectations are met and happy when their expectations are exceeded.

**Customer Relationship Marketing**

The main objective of implementing relational marketing is to provide long-term value to customers and to measure their success in long-term customer satisfaction (Kotler and Armstrong, 2011). According to Mudie and Cottam in Tjiptono (2014) states that strategies that can be integrated to achieve and increase customer satisfaction, including relational marketing.

Yuniastuti (2010), in his research proved a positive relationship between the implementation of customer relationship marketing to customer satisfaction. Implementation of customer relationship marketing is a factor that affects customer satisfaction, so there is a positive relationship between the implementation of customer relationship marketing to customer satisfaction. The higher the implementation of customer relationship marketing, the higher the level of customer satisfaction.

Utami (2007), states that the findings empirically in his study that the two exogenous constructs namely, customer perceptions of service quality and customer expectations have a positive and significant effect on customer satisfaction. The higher the customer expectations, the higher the level of customer satisfaction.

According to Mardalis (2005: 115), customer satisfaction is always the main cause of loyalty. Satisfaction is an important step in forming loyalty (Oliver, 1999). Hermawan and Suharyono (2018) found that their research based on the results of a path analysis of customer relationship marketing on customer loyalty was positive and significant. This shows that customer relationship marketing has a significant influence on customer loyalty.

Widyaratna, et al. (2001) on the results of his study showed that there is an association between customer satisfaction and loyalty and also between satisfaction and loyalty to sales. Yuniastuti (2010) in his research proved a positive relationship between the implementation of customer relationship marketing to customer satisfaction. Implementation of customer relationship marketing is a factor that affects customer satisfaction, so there is a positive relationship between the implementation of Customer Relationship Marketing to customer satisfaction. The higher the implementation of customer relationship marketing, the higher the level of customer satisfaction.

**Service Quality**

Many things affect consumer satisfaction, according to Yoeti (2005), said that there are two qualities that will play a role in creating customer satisfaction that will ultimately make the company strong to compete. The quality in question is the quality of products and services (Good and Services) and customer service.

Meanwhile Tjiptono (2014) said that to realize and maintain customer satisfaction, service organizations must do four things namely identifying who the customer is, understanding the level of customer expectations, understanding the service quality strategy and understanding the measurement cycle and feedback from customer satisfaction. Regarding service quality, Murdoko (2007), said that customer satisfaction will never be achieved without the services provided by the company to customers and if the company wants to satisfy customers, make sure in advance that the customer is satisfied with the services provided.

According to Tjiptono (2014) service quality has a close relationship with customer satisfaction. Quality gives an encouragement to customers to establish a strong relationship with the company " . In the long term, a bond like this allows the company to understand customer expectations and needs. Thus the company can increase customer satisfaction where the company maximizes a pleasant customer experience and minimizes a less pleasant customer experience.

Research conducted by Suradi (2003) in his study entitled "The Effect of Service Quality Factors on Commercial Bank Customer Satisfaction in the Bank Indonesia Work Area Surabaya", with research variables namely service quality factor variables and customer satisfaction variables using tools analysis SEM equation models that produce a conclusion that: the factors that determine customer service satisfaction include reliability and accuracy of transactions, employee responsibility, employee empathy, work facilities and completeness of work facilities.

While Triyono (2005) conducted a customer satisfaction study with the research title "Analysis of Internal Customer Perceptions of Service Quality, PT Waskita Karya Region VIII" concluded that five dimensions of service quality had an influence on satisfaction and the most dominant dimension contributing / contributing to the quality service of PT Waskita Karya Region VIII is the reliability dimension.
This was confirmed by Lestari (2006) who conducted customer satisfaction researchers using techniques Sampling Accidental Sampling and analyzing funds with structural Equation The model (SEM) which is assisted with the AMOS 5.0 program as well as data processing with the SPSS program gets the result that the power dimension responsive (responsiveness) which significantly influence customer satisfaction while the other 4 (four) dimensions do not significantly influence customer satisfaction Telkom Flexi Kandatel Bali.

The results of research conducted by Warniati (2007) that service quality directly affects loyalty. This study also strengthens previous research which states that there is a direct and significant influence between service quality on customer loyalty (Sari, 2017). The results of this study also support research conducted by Lu and Seock, 2008 on Gray Consumer’s that service quality affects overall loyalty.

Research conducted by Dwipayana (2012), found that retail services had a positive and significant direct effect on customer loyalty of Pepito Supermarket, which means Pepito Supermarket Retail services resulted in Pepito Supermarket customer loyalty.

Customer Satisfaction
Satisfaction shows how a product meets customer objectives (Oliver in Mardalis, 2005: 115). Customer satisfaction is always the main cause of loyalty. The creation of customer satisfaction can provide benefits, including relationships between companies and their customers to be harmonious, provide a good basis for repurchases, create customer loyalty, and form a word of mouth recommendation that is beneficial to the company (Tjiptono, 2014: 24).

The opinion above is in line with the results of research conducted by Dwipayana (2012), finding that customer satisfaction has a direct positive and significant effect on customer loyalty of Pepito Supermarket, which means Pepito Supermarket customer satisfaction creates Pepito Supermarket Customer Loyalty.

Hypothesis

Hypothesis 1 (H1) : Relationship marketing has a positive and significant effect on customer satisfaction
Hypothesis 2 (H2) : Service quality has a positive and significant effect on customer satisfaction
Hypothesis 3 (H3) : Relationship marketing has a positive and significant effect on customer loyalty
Hypothesis 4 (H4) : Service quality has a positive and significant effect on customer loyalty
Hypothesis 5 (H5) : Customer satisfaction has a positive and significant effect on customer

METHOD
This study was conducted at the Bali Regional Development Bank (BPD) in 2019. The scope of this research is the role of customer satisfaction in mediating the effect of relationship marketing and service quality on customer satisfaction. The population in this study were 321,621 Bali Regional Development Bank (BPD) customers. So the samples taken in this study were 100 people. After the number of samples is determined as many as 100 people, then determine the number of sample members in each customer (credit, deposit and savings) in proportional random sampling using the proportional formula. The method of determining the sample used in this study is purposive sampling technique. Purposive sampling is a sampling technique by using certain considerations (Sugiyono, 2017: 144). In analyzing the influence between exogenous and endogenous variables in this study using Partial Least Square (PLS).
RESEARCH RESULTS AND DISCUSSION

Inferential Analysis

There are three criteria in using techniques analysis data with SmartPLS to assess the outer model, namely convergent validity, discriminant validity, and composite reliability.

a. Convergent validity

Based on Figure 1 above shows that the measurement indicators of variables relationship marketing consisting of human resources, processes and technology have a value Outer Loading greater than 0.5, which means valid. Technological indicators have the value Outer Loading highest of 0.951. Service quality variables with indicators tangibles, reliability, responsiveness, assurance and empathy have a value Outer Loading above 0.5 which means valid. Indicator Tangibles has the value Outer Loading highest of 0.918. Variable customer satisfaction with indicators of service satisfaction, satisfaction with the suitability of information, satisfaction with friendliness and politeness of employees, satisfaction with information technology has a value Outer Loading above 0.5, which means it is declared valid. The indicator of friendliness and politeness of employees has the value Outer Loading highest of 0.949. Variable customer loyalty with indicators of trust, psychological commitment, cost changes, behavior publicity and cooperation have a value Outer Loading above 0.5, which means valid. The publicity behavior indicator has the value Outer Loading highest of 0.964.

b. Discriminant validity

Based on Figure 1 above, it can be explained that the results of the four variables have AVE values above 0.50 and all variables have AVE roots that are higher than the correlation coefficient between one variable with other variables so that it can be said that the data has good discriminant validity.

c. Composite Reliability

Figure 1 above informs that all variables meet the composite reliability because the value is above the recommended number, which is above 0.7 that meets the reliable criteria. Based on the results of the overall evaluation, both convergent, discriminant validity, composite reliability, which has been described above, it can be concluded that indicators as a measure of latent variables are valid and reliable gauges.
Evaluation of the Structural Inner Model

Based on Figure 1 above it can be explained that the covariance of indicator measurement is influenced by latent constructs or reflects variations from unidimensional constructs which are depicted in ellipse shape with several arrows from construct to indicator. This model hypothesizes that changes in latent constructs affect changes in indicators. In the model there are two exogenous variables, namely relationship marketing and quality service and two endogenous variables, namely customer satisfaction and customer loyalty. The assessment of the model with PLS starts by looking at the R-square for each latent dependent variable. Changes in R-square values can be used to assess the effect of certain exogenous latent variables on endogenous latent variables that have substantive effects. The structural model is evaluated by paying attention to the Q2 of the predictive relevance model which measures how well the observational value is generated by the model. Q2 is based on the coefficient of determination of all dependent variables. The quantity Q2 has a value with a range of 0 <Q2 <1, the closer to the value of 1 means the model is getting better. Table 5.8 shows the results of the estimation R-square using Smart PLS as follows.

The R-square value of the customer satisfaction variable is 0.751 and the customer loyalty variable is 0.889. The higher the R-square value, the greater the ability of the exogenous variable can be explained by endogenous variables so that the better the equation structural. In addition to using the R-square, the body of fit model is also measured by using Q-Square predictive relevance for the structural model, measuring how well the observational values generated by the model and also the estimated parameters. value> Q-square 0 indicates the model has predictive relevance; conversely if the value of Q-Square = 0 indicates the model lacks predictive relevance. The results of the calculation of Q Square Predictive Relevance (Q2) show the value of 0.972, which means the model shows good observations, where 97.2% of the relationships between variables can be explained by the model, while the rest (2.8%) is an error factor or other factors not included in the research model. Evaluation of the inner model measured based on Q Square Predictive Relevance (Q2) and Goodness of Fit (GoF) above shows that the model formed by constructs has a very good model category.

Hypothesis Testing Hypothesis testing is done by t-statistics by sorting out for direct effect testing. In the following sections, successive results of direct effect testing are described in succession.

1. Testing of the Direct Effect

The Significance of the estimated parameters provides very useful information regarding the relationship between the research variables. The basis used in testing hypotheses is the value contained in the output result for inner weight. Table 1 provides outputs estimated for testing structural models.

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Line (bootstrapping)</th>
<th>T-Statistics</th>
<th>Sig</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship marketing → customer satisfaction</td>
<td>0.354</td>
<td>2.724</td>
<td>0.007</td>
<td>H1 Received</td>
</tr>
<tr>
<td>Quality of service → customer satisfaction</td>
<td>0.548</td>
<td>4.309</td>
<td>0.000</td>
<td>H2 Accepted</td>
</tr>
<tr>
<td>Relationship marketing → customer loyalty</td>
<td>0.478</td>
<td>3.729</td>
<td>0.000</td>
<td>H3 Received</td>
</tr>
<tr>
<td>Quality of service → customer loyalty</td>
<td>0.197</td>
<td>2.257</td>
<td>0.024</td>
<td>H4 Accepted</td>
</tr>
<tr>
<td>Customer satisfaction → customer loyalty</td>
<td>0.322</td>
<td>2.985</td>
<td>0.003</td>
<td>H5 Accepted</td>
</tr>
</tbody>
</table>

Source: Appendix 18

The results of testing the research hypotheses based on Table 5.9 are as follows:

1) Hypothesis 1 Testing: Relationship marketing has a positive and significant effect on customer satisfaction. This result can be seen in the coefficient value of 0.354 with a t-statistics value of 2.724. The t-statistics value is above 1.96 and the sig value is 0.007 <0.05. Based on that, hypothesis 1 is accepted. The acceptance of the first hypothesis stating relationship
marketing has a positive and significant effect on customer satisfaction means that the better the relationship between Bank BPD Bali and customers, the higher the customer satisfaction.

2) Hypothesis 2: Service quality has a positive and significant effect on customer satisfaction. This result can be seen in the coefficient value of 0.548 with a t-statistics value of 4.309. The t-statistics value is above 1.96 and the sig value is 0.000 <0.05. Based on this hypothesis 2 is stated accepted. The second hypothesis which states that service quality has a positive and significant effect on customer satisfaction means that the better the service provided by Bank BPD Bali, the higher the customer satisfaction.

3) Hypothesis Testing 3: Relationship marketing has a positive and significant effect on customer loyalty. This result can be seen in the coefficient value of 0.478 with a t-statistics value of 3.729. The t-statistics value is below the critical value of 1.96 and the sig value of 0.000 <0.05. Based on that, hypothesis 3 is accepted. The acceptance of the third hypothesis which states relationship marketing has a positive and significant effect on customer loyalty means that the better the relationship between Bank BPD Bali and customers, the higher the customer loyalty.

4) Hypothesis Testing 4: Service quality has a positive and significant effect on customer loyalty. This result can be seen in the coefficient value of 0.197 with a t-statistics value of 2.257. The t-statistics value is below the critical value of 1.96 and the sig value of 0.024 <0.05. Based on this the hypothesis 4 is declared accepted. The acceptance of the fourth hypothesis which states that service quality has a positive and significant effect on customer loyalty means that the better the service provided by Bank BPD Bali, the higher the customer loyalty.

5) Hypothesis Testing 5: Customer satisfaction has a positive and significant effect on customer loyalty. This result can be seen in the coefficient value of 0.322 with a t-statistics value of 2.985. The t-statistics value is under 1.96 and sig value is 0.003 <0.05. Based on this hypothesis 5 is stated accepted. The acceptance of the fifth hypothesis which states that customer satisfaction has a positive and significant effect on customer loyalty means that the higher the customer satisfaction of Bank BPD Bali, the higher the customer loyalty.

2. Testing the Indirect Effect of Mediation Variables

In testing the following hypotheses, the mediating variable of customer satisfaction (Y1) between relationship marketing (X1) to customer loyalty (Y2) and the mediating role of customer satisfaction (Y1) between service quality (X2) on customer loyalty (Y2). The hypothesis testing for indirect effects in this study can be explained by the results of the analysis as the following table.

<table>
<thead>
<tr>
<th>No</th>
<th>Mediation Variables</th>
<th>Mediation of Customer Satisfaction Variables (Y1) on:</th>
<th>Effect</th>
<th>Ket</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td>(C)</td>
</tr>
<tr>
<td>1</td>
<td>Relationship Marketing (X1) &amp; Customer Loyalty (Y2)</td>
<td>0.478 (Sig)</td>
<td>0.592 (Sig)</td>
<td>0.354 (Sig)</td>
</tr>
<tr>
<td>2</td>
<td>Service Quality (X2) &amp; Customer Loyalty (Y2)</td>
<td>0.197 (Sig)</td>
<td>0.374 (Sig)</td>
<td>0.548 (Sig)</td>
</tr>
</tbody>
</table>

Information obtained From Table 2 above is the result of testing mediation variables that can be delivered are as following:

1) Customer satisfaction (Y1) is able to mediate positively and significantly on the indirect effect of relationship marketing (X1) on customer loyalty (Y2). These results are shown from the mediation tests conducted, it appears that the effects of A, C and D have significant values. Variable satisfaction as a mediation between relationship marketing to customer loyalty. Customer satisfaction has a mediating partial effect of the effect relationship marketing on customer loyalty. This means that customer satisfaction is not the only force that impacts customer loyalty.

2) Customer satisfaction (Y1) is able to mediate positively and significantly on the indirect effect of service quality (X2) on customer loyalty (Y1). These results are shown from the mediation tests conducted, it appears that the effects of A, C and D have significant values. Variable satisfaction as
a mediation between service quality to customer loyalty. Customer satisfaction has a partial mediating effect on the quality of service to customer loyalty. This means that customer satisfaction is not the only force that impacts customer loyalty.

In order to know the overall effect for each relationship between the variables studied, a recapitulation of direct effects, indirect effects and total effects can be presented as in the following table.

Table 3
Recapitulation of Direct, Indirect and Total Effects

<table>
<thead>
<tr>
<th>No</th>
<th>Variable Relationship</th>
<th>Direct</th>
<th>Effects Indirect</th>
<th>Effects Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Relationship Marketing (X1) → Customer Satisfaction (Y1)</td>
<td>0.354</td>
<td>-</td>
<td>0.354</td>
</tr>
<tr>
<td>2</td>
<td>Service Quality (X2) → Customer Satisfaction (Y1)(Y1)</td>
<td>0.548</td>
<td>-</td>
<td>0.548</td>
</tr>
<tr>
<td>3</td>
<td>Relationship Marketing (X1) → Customer Loyalty (Y2)</td>
<td>0.478</td>
<td>-</td>
<td>0.478</td>
</tr>
<tr>
<td></td>
<td>Relationship Marketing (X1) → Customer Satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Y1) → Customer Loyalty (Y2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.354 * 0.322) = 0.114</td>
<td></td>
<td></td>
<td>0.592</td>
</tr>
<tr>
<td>4</td>
<td>Quality of Service (X2) → Customer Loyalty (Y2)</td>
<td>0.197</td>
<td>-</td>
<td>0.197</td>
</tr>
<tr>
<td>5</td>
<td>Customer Satisfaction (Y1) → Customer Loyalty (Y2)</td>
<td>0.322</td>
<td>-</td>
<td>0.322</td>
</tr>
</tbody>
</table>

Source: Processed Data

The data in Table 3 above shows that the indirect effect of relationship marketing on customer loyalty through customer satisfaction has the highest total effect, amounting to 0.592. While the direct effect of variables relationship marketing has the highest influence on customer loyalty, which is equal to 0.478. The findings of this analysis are that customer loyalty will be higher if relationship marketing is accompanied by high customer satisfaction.

Discussion
1. Effect of relationship marketing on customer satisfaction
Hypothesis testing results show that relationship marketing has a positive and significant effect on customer satisfaction. These results mean that the better the relationship between Bank BPD Bali and customers, the higher the customer satisfaction. The results of this study are in line with the results of research conducted by Yuniastuti (2010), in his research proving a positive relationship between the implementation of customer relationship marketing to customer satisfaction. Implementation of customer relationship marketing is a factor that affects customer satisfaction, so there is a positive relationship between the implementation of customer relationship marketing to customer satisfaction. The higher the implementation of customer relationship marketing, the higher the level of customer satisfaction. Other research was also conducted by Utami (2007), who found that empirically in his study that the two exogenous constructs namely, customer perceptions of service quality and customer expectations have a positive and significant effect on customer satisfaction. The higher the customer expectations, the higher the level of customer satisfaction.

2. Effect of service quality on customer satisfaction
Hypothesis testing results indicate that service quality has a positive and significant effect on customer satisfaction. This result means that the better the quality of services provided by Bank BPD Bali, the higher customer satisfaction will be. The results of this study are in line with the results of research conducted by Suradi (2003) who found that the factors that determine customer service satisfaction include reliability and accuracy of transactions, employee responsibility, employee empathy, work facilities and completeness of work facilities. Triyono's research (2005) found that five dimensions of service quality had an effect on satisfaction and the most dominant dimension contributing to the quality of service. This result is reinforced by Lestari (2006) finding that power dimension responsive (responsiveness) which has a significant effect on customer satisfaction.
3. The influence of relationship marketing on customer loyalty

Hypothesis testing results show that relationship marketing has a positive and significant effect on customer loyalty. This result means that the better the relationship between Bank BPD Bali and customers, the higher the customer loyalty. The results of this study are in line with the results of research conducted by Widangkana, et al. (2001) on the results of his study showed that there is an association between customer satisfaction and loyalty and also between satisfaction and loyalty to sales. Yuniastuti (2010) in his research proved a positive relationship between the implementation of relationship marketing to customer satisfaction. Implementation of relationship marketing is a factor that affects customer satisfaction, so there is a positive relationship between the implementation of Customer Relationship Marketing to customer satisfaction. The higher the implementation of customer relationship marketing, the higher the level of customer satisfaction. The results of the analysis found customer satisfaction variables as a mediation between relationship marketing to customer loyalty. Customer satisfaction has a partial mediating effect of the effect relationship marketing on customer loyalty. This means that customer satisfaction is not the only force that impacts customer loyalty.

4. Effect of service quality on customer loyalty

Hypothesis testing results indicate that service quality has a positive and significant effect on customer loyalty. This result means that the better the quality of services provided by Bank BPD Bali, the higher the customer loyalty. The results of this study are in line with the results of research conducted by Warniati (2007) that service quality directly affects loyalty. This study also strengthens previous research which states that there is a direct and significant influence between service quality on customer loyalty (Sari, 2017). The results of this study also support research conducted by Lu and Seock, 2008 on Research gray consumers that service quality affects overall loyalty. Conducted by Dwipayana (2012), found that retail services had a positive and significant direct effect on customer loyalty, which means service leads to customer loyalty. The results of the analysis found variable customer satisfaction as a mediator between service quality to customer loyalty. Customer satisfaction has a partial mediating effect on the quality of service to customer loyalty. This means that customer satisfaction is not the only force that impacts customer loyalty.

5. Effect of customer satisfaction on customer loyalty

Hypothesis testing results indicate that customer satisfaction has a positive and significant effect on customer loyalty. This result means that the higher the customer satisfaction, the higher the customer loyalty. The results of this study are in line with the results of research conducted by Dwipayana (2012), finding that customer satisfaction has a direct positive and significant effect on loyalty, which means customer satisfaction can create customer loyalty. Satisfaction shows how a product meets customer goals (Oliver in Mardalis, 2005: 115). Customer satisfaction is always the main cause of loyalty. The creation of customer satisfaction can provide benefits, including relationships between companies and their customers to be harmonious, provide a good basis for repurchases, create customer loyalty, and form a word of mouth recommendation that is beneficial to the company (Tjiptono, 2014: 24).

CONCLUSIONS AND RECOMMENDATION

Conclusions

Based on the discussion of research results, it can be concluded that, the influence of relationship marketing and service quality on customer loyalty through customer satisfaction is as follows:

1. Relationship marketing has a positive and significant impact on customer satisfaction. This means that the better the relationship between Bank BPD Bali and customers, the higher the customer satisfaction. And vice versa the more does not care about the customer, it will cause customer dissatisfaction with Bank BPD Bali.

2. Service quality has a positive and significant impact on customer satisfaction. This means that the better the quality of service provided by Bank BPD Bali to customers, the higher the customer satisfaction will be. Vice versa, the worse the services provided to customers, the lower the customer satisfaction with Bank BPD Bali.

3. Relationship marketing has a positive and significant impact on customer loyalty. This means that the better the relationship between Bank BPD Bali and customers, the higher the customer loyalty. Vice versa, the more does not care about the customer, it will cause customers to not be loyal to Bank BPD Bali.
4 Service quality has a positive and significant impact on customer loyalty. This means that the better the quality of service provided by Bank BPD Bali to customers, the higher the customer loyalty will be. And vice versa, the worse the service provided to customers, the less care will be of the customer towards Bank BPD Bali.

5 Customer loyalty has a positive and significant impact on customer loyalty. This means that the higher the customer satisfaction of Bank BPD Bali, the higher the customer loyalty. Vice versa, the lower the customer satisfaction, the less care will be of the customer towards Bank BPD Bali.

Recommendations

Based on the limitations of the research stated above, the researchers hope this research can be useful as input. Some suggestions from researchers are as follows:

1. For Companies:
   a. In order to increase customer satisfaction and loyalty, the management of Bank BPD Bali can pay attention to the factors that influence customer satisfaction and loyalty among which are to have a good relationship with customers and improve service. The key word to build a good relationship with customers is the reliability of employees in interacting with customers. For services so that Bank BPD Bali places more emphasis on services related to technology.
   b. In addition to having a good relationship and improving services in order to increase customer satisfaction and loyalty, Bank BPD Bali also needs to pay attention to other factors. These factors such as the reputation of Bank BPD Bali, the completeness of banking facilities and infrastructure such as the availability of ATMs.

2. For further researchers:
   a. This research can be used as material for experience and knowledge, without forgetting the elements of values in marketing research, particularly research on relationship marketing, service quality, customer satisfaction and customer loyalty at Bank BPD Bali.
   b. This research can be carried out again with different research objects as well as with statement items on the questionnaire that are different from the statements of other researchers’ questionnaires.
   c. Can be used as a reference material in conducting research relating to relationship marketing, service quality, customer satisfaction and customer loyalty.

REFERENCES


