

# Emotional Attachment Investigation, Customer Relationship Management, Creating Customer Loyalty in Priority Banks in Indonesia

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**Abstract:** The purpose of this study is to investigate Emotional Attachments resulting from emotional touch, towards Customer Relationship Management and its implications in creating Customer Loyalty, along with a growing paradigm that service providers must meet the needs of the Customer and not the product. This is in line with the touch phenomenon which has been booming in this past era, but has not been widely used in marketing strategies especially in the service industry. Touch is not in a physical sense, but emotionally that is easy to do is only armed with will, more with the culture of the Indonesian people likes to be helpful, polite, and friendly, will accelerate in its implementation.

The design of this research is quantitative and as a unit of analysis of banking priority sectors in Indonesia by taking priority customer observation units. Primary data with non-probability-purposive sampling method, Respondents as many as 416 Bank priority customers in Indonesia with spread in eight major cities. The calculation uses five Likert scales and SPSS 21 by testing the SEM application of the LISREL 8.80 application.

The findings in this study confirm that Emotional Attachment has influenced to Customer Loyalty, but it becomes significant after being mediated by Customer Relationship Management (CRM), the dominant factor is reflected in the dimensions of passion, i.e. always polite and friendly, calling names, praising, ask the news, attention to every important moment and event. Emotional attachment plays a dominant role, because its existence eliminates their influence both of Customer Satisfaction and Customer Perceived Value influence to Customer Loyalty directly, more over direct influence Customer Satisfaction be rejected by emotional Attachment. CRM as a full mediator for both Emotional Attachment and Customer Perceived Value for influence of the Customer Loyalty. The dominant dimension for CRM is shown by the concrete factor of Capability in the form of, quick reaction, corrective action when encountering services that are not convenience customer's wishes. All of these policies occur in the Priority Banking sector.

The implication in this study, that the Priority Banking Manager or who is involved as the person in charge, must be concerned with Emotional Attachment and the elements of the cause of passion. Customer Relationship Management is absolutely held in Priority Banking and is always made in a systemic-structured manner so that it is able to play a role in making especially the capability of cultural capabilities in service.

**Keywords:** Emotional Attachment, Customer Satisfaction, Customer Perceived Value, Customer Relationship Management, Customer Loyalty, Priority Banking.

## INTRODUCTION

### Background to the Problem/Study

Various phenomena that have emerged lately in all fields are carried out all the touch no longer rotate, pull, push slide, press, for example laptops, doors, cellphones, cameras, etc., the implications are all easier and more practical. It is not impossible in the future, enough only verbal instructions have occurred, for example cars, engines, translators, etc. maybe even in the future it will be enough to see whether we want to be fulfilled,

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and this again adds convenience, practical and comfortable. Likewise, what happens in the world of service industry, the tendency also continues to change with the times (Sun, 2017) . In the business world, especially in the field of marketing, the term touch should also be popularized. Touching here is not touch in a physical sense (discriminative), but rather touching emotions, which means touching on feelings in interaction (Mc. Glone, 2008). Emotional touch must also be one of the weapons in the competitive strategy, why? Because the marketing phenomenon has changed where the seller has to focus on the needs (needs) of the buyer and not the product (Berry, 1998) and this is in line with the basic concept of marketing that constantly attempts to minimize the gap (not to eliminate human satisfaction) seller's offer (Kotler & Keller, 2016), which means substantively emphasizing the closeness between people, and when this raises the main problem, it must know human needs (need). Emotional Attachments that result from emotional touches as human needs meet the highest position (Maslow 1943-2011)

### **Conditions of Competition in the Banking in Indonesia**

Banking competition in Indonesia is so tight with the number of banks in March 2018 as many as 116 Bank, its contain : government banks, regional banks, foreign banks, foreign banks not to mention rural banks, and non-bank financial institutions. This cannot be avoided because it is a fertile land for the banking business, where net interest margin (NIM) is quite high, the world rank 5 population and the world's 12th GDP so investors flock to bank business in Indonesia, not to mention the ASEAN Economic Community (MEA) is a joint market community institution in ASEAN where Indonesia is one of its members and the TPP (Trans Pacific Partnership) marketing with developed countries (Indonesia has not become a member) also overshadows the tight competition in the future and globalizing. This requires every business actor in the bank to be smart and strong in his marketing strategy. Here the presence of Emotional Touch whose outcome is in the form of Emotional Attachment in marketing strategy is thought to be able to become one of the weapons in marketing strategies that will be a differentiator in service. The purpose of this study is to investigate emotional attachments resulting from emotional touch, towards customer relationship management and its implications in creating customer loyalty This is in line with the touch phenomenon which has been booming in this era, but has not been widely used in marketing strategies, especially in the service industry. Touch is not in a physical sense, but emotionally that is easy to do is only armed with will, more with the culture of the Indonesian people likes to be helpful, polite, and friendly, will accelerate in its implementation. Thus, this strategy is appropriate and able to face intense and gripping competition.

### **LITERATURE REVIEW**

In this study, the framework and model for analysis and study were developed by developing an article that had been carried out by previous research (Cheema and Sadia, 2017) by adding one variable Emotional Attachment as an independent variable and enriched with references from various sources from the corresponding article, as described as follows

#### **Emotional Attachment (EA)**

Touch Emotion, when viewed from the law of cause and effect, is the cause of Emotional attachment or is the result of an interaction (Phillips and Baumgartner, 2002), so that by referring to a causal relationship, emotional attachment will not occur without a trigger or cause, namely Touch Emotions, and because there are not many articles that can be used as references, then approaching through Emotional Attachments illustrates the strength of bond customers with brands so that it is an important construction. It can also mean a construct that reflects a mental state or feeling that is connected to or attached to sharp objects that block the flow. Berry (2000). Phillips and Baumgartner, (2002) define as a result of long-term relationships between service providers and customers and occur during service experience. From the description above, Emotional

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Attachment is an interpersonal relationship between humans and humans that creates emotional bonds (not emotional outbursts) which are characterized by: a sense of love, affection, call a name, exciting / surprise and customizing and unforgettable attention in the long term. It is reflected in reflecting Affection, Connection and Passion (levy, Shalom Hino, Hyiel 2016)

### **Customer Satisfaction (CS)**

As the conditions of the world become more competitive day by day, to survive in today's competitive business world, it must pay more attention to customer satisfaction. Customer satisfaction is customer satisfaction with regard to previous transaction experience with certain service companies (Anderson & Srinivasan, 2003) Customer satisfaction is the ability to meet customer expectations (Oliver, 1980). Is the key to achieving goals in the context of service, it ranges between meeting customer needs and requests. Lam SY, Shankar V, Erramilli MK, Murthy B (2004) as evaluating customer subjective situations that produce positive emotional responses. (Kondou 1999). The result of the comparison between value and service costs and the consequences on the customer. Churchill and Surprenant (2015) It can also be defined as a "consumer fulfillment response, to what extent the level of fulfillment is pleasant or unpleasant" (Oliver Richard, 1997) and also known as the key to achieving goals in the service environment, developing around meeting and exceeding customer needs and requests (Lam SY, Shankar V , ErramilliMK, Murthy B 2004) includes evaluating product quality before sales compared to expectations before buying. (Kotler, 1991). Customer satisfaction is what targets the gap between expected service standards and truly feels service standards, and the emotional response generated based on this gap (Tzeng 2009). In conclusion in this study Customer satisfaction can be defined as the subjective perception of the customer / customer that is motivated by an emotional situation / feeling after receiving the product or service from the service provider, whether it is pleasant or unpleasant. This condition is reflected from the angle (dimension) of Customer Feeling and Customer Expected (Amoah, Redder & Van Eyk 2016)

### **Customer Perceive Value (CPV)**

Some researchers define Customer Perceive Value as a very important thing and determine the intensity of consumer loyalty (Prasuraman 1997) The concept of value is the concept that is most widely used and misused in social sciences in general and in the marketing / management literature in particular (Khalifa, 2004). Percieved value felt by customers in the form of perception of the experience gained when interacting with service providers. (Gumussoy & Koseoglu 2016) explains that customers want to spend less on high quality goods or services. If customers get high-quality services with little payment, the perception value of customers will also increase. This perception is processed in the process of interaction between customers and service providers. Percieved Value can be seen as a tradeoff between products that can be presented to customers and how much customers need to spend to get the product or service. (Zeithelm, 1988). How service value can create a good perception for customers, can be seen from how customers feel the impact of the service or product that is served by the seller or service provider

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### **Customer Relationship Management (CRM)**

Previous researchers have defined CRM, from a philosophical point of view, customer loyalty as a key to business profitability and long-term competitiveness (Siddiqi, 2011) is also a means to develop innovative capabilities and provide long-lasting competitive advantage by acquiring customer information. (Lin, et al. 2010) CRM develops relationships to marketing and broadly accepts the idea that building and maintaining customer relationships is at the core of the marketing concept (Reinartz et al. 2004) or derived from a combination of three aspects: customer orientation, relationship marketing and base data marketing (Yim et al. 2005). In this paper CRM is a business strategy to increase the value of services that are organized specifically, structured and systemically in order to manage, develop and optimize and explore the potential of customers / customers, to maintain a sustainable relationship. In the form of multi-dimensional construction consisting of four broad components : complaint resolution, customer knowledge, customer empowerment, and customer orientation. who created Word of Mouth positive. The measurement of Customer Relationship Management variables in this study uses the Customer Relationship Management dimensions proposed by Swift (2001), Parvatiyar and Shet (2001) and Kracklauer, Milis and Seifert (2004, namely customer understanding, CRM level processing, CRM Readiness and CRM capability. because it fits in line with the flow of thought in this study.

### **Customer Loyalty (CL)**

This variable has become a major topic in the literature that addresses service decades ago because it is a consequence of agreement on positive emotional activity, cognition, compassion, and customer satisfaction (Fraering & Minor, 2013). Customer loyalty can be associated with fortitude and a sense of virtual connection to customer satisfaction. Customer commitment to customer repurchase behavior is an indication of their loyalty. (Hapsari, Clemes, & Dean, 2017). Marketing expenses eventually decline along with increasing loyal customers, but also help to get more customers and to increase market share. (Sabah et al., 2017). Therefore, marketing analysts promote the concept of customer loyalty and its importance to achieve profitability goals (Barbara & Mark, 2001), (Wilson A, Zeithaml VA, Bitner MJ, Gremler DD, 2012). Some definitions of other authors that: Customer loyalty is an effective way to evaluate the progress of the company. Most marketing procedures for companies rely on getting customer loyalty through the process of developing, maintaining and improving relationships with potential customers. (Dick AS, Basu K 1994) Also customer loyalty is seen as an actual repurchase action and actual recommendation action (Sancharan, 2011; Lai and Chen, 2010; Clemes et al., 2008; Zeithaml et al., 1996; Fornell, 1992 ) Another opinion says customer loyalty is covering repurchase and intention recommendations (Sumaedi et al., 2012a; Lai and Chen, 2010; Clemes et al., 2008; Zeithaml et al., 1996; Fornell, 1992) and also as “mindset customers who have a good attitude towards the company, are committed to reusing services, and recommend this service to others “(Pearson 1996), cited in Akbar and Parvez’s, 2009) which is the end” Continuous commitment to buy back or rejuvenate offering consonant products selected in the future, regardless of situational impacts and marketing efforts that have the potential to produce switching behavior “Oliver (1997)

As a summary used in this study that Customer Loyalty is a deep commitment to buy back or become a regular customer of a product / service that is consistently preferred in the future, where the commitment causes repeated purchases of the same banking services, even having willingness to recommend service providers to others Word of Mod is positive with dimensions that reflect consumer willingness to consider buying and buying intention in the future.

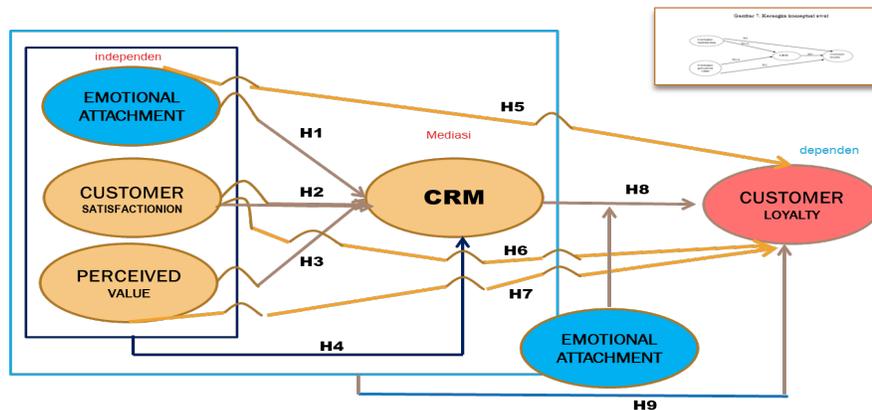
### **Priority Banking**

As for the focus in this study is Priority Banking Sector at Commercial Banks. Because Priority banking is a banking service unit with special characteristics, both customers and services with characteristics of exclusivity and privileges that are not obtained by conventional bank customers, and more personally than conventional banking services.

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Adapun yang menjadi fokus dalam penelitian ini adalah Priority Banking Sector pada Bank Umum. Karena Priority banking merupakan unit layanan perbankan dengan karakteristik khusus, baik nasabah maupun layanannya dengan ciri khas eksklusifitas dan keistimewaan yang tidak didapatkan oleh nasabah bank konvensional, dan secara lebih pribadi daripada layanan perbankan konvensional. Priority Banking is a bank service to customers with a high level of income or considerable assets. (D. Singh, Singh, & Sandhu, 2017). Priority banking is an analysis unit, because twenty percent of customers contribute eighty present profits according to pareto (pareto low) 20/80) so that this is also enough to describe and interpret the conditions

### Conceptual Frame Work



Gambar1. Conceptual Frame Work

### Building Hypotesis

The hypothesis is determined from the relationship between variables that have been determined above, then built with reference to previous research research. So far no conflicting hypothesis has been found, so there is no need for H0. The following research hypothesis: Functional benefits and superior symbolic benefits will build a stronger emotional attachment to customers to achieve customer satisfaction and loyalty. (Teng So, 2016). The symbolic and superior benefits of services must be managed properly to achieve these goals, the tools of which are Customer Relationship Management programs. attachments are also mentioned affecting the relationship between the bank and its customers. (Levy & Hino, 2016) It was alleged that the emotional attachment aspect obtained from the superior functional benefits must be managed in order to influence customer loyalty strongly. Customer satisfaction, perceived value and emotional attachment are key in building CRM. (Javed & Cheema, 2017). In the study it was described that emotional attachment has a strong influence on CRM. Customer satisfaction will increase the level of customer loyalty. Formulation of the hypothesis:

#### H1: Emotional attachment influence to CRM

The results showed a strong positive relationship between customer satisfaction and organizational performance. From the literature, customer satisfaction is considered a key motivator for customers to be loyal to products and services. Through the mediating role of customer relationship management (CRM) there are more opportunities to build and maintain elements of trust and commitment in customers (Javed & Cheema, 2017), The formulation of the hypothesis as follows:

#### H2 : Customer satisfaction influence to CRM

The results showed a strong positive relationship between customer perceptions of organizational values and performance. The customer's perceived value is considered as a key motivator for customers to be loyal to products and services. Through the mediating role of customer relationship management (CRM) there are

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many opportunities to build and maintain elements of trust and commitment in customers or customer loyalty (Javed & Cheema, 2017). The hypotheses built are:

### **H3: Customer perceived value influence to CRM**

Customer satisfaction and value perceived by customers is a key motivator for customers to build and maintain the element of trust, which is managed by customer relationship management. (CRM). (Javed & Cheema, 2017). Emotional touch in each customer interaction will produce different outputs, functional and symbolic benefits that build emotional attachment to customers will affect customer satisfaction and loyalty. (teng So, 2016). The hypothesis is formulated as follows

### **H4: Emotional attachment, customer satisfaction, and customer perceived value influence simultaneous to CRM**

The high level of customer engagement in a product / service causes a high level of customer loyalty (Hapsari et al., 2017). The customer attachment can detail the value of the customer to lead to customer loyalty. Functional benefits and superior symbolic benefits will build a stronger emotional attachment to customers to achieve customer satisfaction and loyalty. (Teng So, 2016). because the research has not been taken as a separate variable, but it is alleged that it can influence customer loyalty strongly, so the hypothesis is formulated as follows.

### **H5: Emotional attachment influences to customer loyalty**

To increase customer confidence and commitment to the company, the company must introduce the quality of CRM to employees, so that employees can play a role in increasing the level of customer engagement. (Javed & Cheema, 2017). with this statement, taken as a separate variable, so the hypothesis is built as follows:

### **H6: Customer satisfaction influences to customer loyalty**

Service value perceived by customers, which is influenced by functional, social and emotional values, will shape customer behavior. that customer Perceived value has a strong influence on customer loyalty (Roig, 2006; Hapsari, 2017), (Javed & Cheema, 2017) hypothesis as follows:

### **H7:N: The perceived value of customers influences to customer loyalty**

The results showed a positive relationship between customer relationship management and customer loyalty. To get and maintain total loyalty from customers, companies must recognize the nature, needs and desires of customers. (J. Singh & Saini, 2016). Commitment, communication and service quality in the company's CRM program, significantly influence the level of customer loyalty. (Yulianto & Mawardi, 2015). Kelvin and Yen (2002) explain that there has been a shift in the relationship marketing literature from focusing on the benefits of long-term relationships for companies for the benefits that are gained to customers. Customer value is more service oriented because customers have several alternative choices. As a result, it becomes clear that companies must fundamentally change the way they do marketing, which is a fundamental change of market management, to manage certain customers (Bose, 2002). The success of a company in CRM implementation is largely on the quality of interaction with customers as different individual segments and the extent to which the company can effectively utilize the relationship to meet the dynamic needs of the customer. CRM makes it possible to promote more effective understanding of sending messages about the value of customer propositions. Based on the description above formulated the research hypothesis as follows:

### **H8: CRM Influence customer loyalty**

Customer satisfaction and value are perceived by customers as key motivators for customers to build and maintain the element of trust, which is managed by customer relationship management. (CRM). (Javed &

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Cheema, 2017). Emotional touch in each customer interaction will produce different outputs, functional and symbolic benefits that build emotional attachment to customers will affect customer satisfaction and loyalty. (Teng So, 2016). To get and maintain total loyalty from customers, companies must recognize the nature, needs and desires of customers. (J. Singh & Saini, 2016). Then the hypothesis is built in this study as follows:

**H9: Emotional attachment, customer satisfaction, customer perceived value, and CRM influence simultaneously on customer loyalty**

### VARIABLE OPERASIONAL

Following this table presentation is the operational variable used in this study:

**Table1.** Variable Operasional

| VARIABLE  | DIMENSI                     | No | INSTRUMEN/INDIKATOR/QUESTIONANE   |
|---|-----------------------------|----|---|
| <i>EA</i><br><i>(Emotional Attachment)</i>      | <b>1. AFFECTION</b>         | 1. | Since becoming a priori customer, this bank has become an integral part of my activities and one of my needs. |
|   |                             | 2. | I always remember this bank at all times.   |
|   |                             | 3. | I am an important part of this bank.  |
|   | <b>2. CONNECTION</b>        | 5. | The relationship between officers and customers is very close, not awkward                                    |
|   |                             | 6. | I have a closed relationship with this bank.  |
|   |                             | 7. | Officers try to give an emotional touch to customers  |
|   | <b>3. PASSION</b>           | 8. | Officers always try to connect with customers   |
|   |                             | 9. | This bank is perfect for my personality.  |
|   |                             |    |   |
| <i>CS</i><br><i>(Customer Satisfaction)</i>     | <b>4. CUSTOMER FEELING</b>  | 1. | I feel satisfied with being a priority customer.  |
|   |                             | 2. | I feel the treatment of frontline officers in serving personal customers.                                     |
|   |                             | 3. | I feel this bank's priority customer services are professional  |
|   |                             | 4. | I feel that this bank's ability to provide priority customer service adequately                               |
|   | <b>5. CUSTOMER EXPECTED</b> | 5. | I experienced a pleasant experience as long as I was a priority customer                                      |
|   |                             | 6. | I make the right decision by being a priority customer.   |
|   |                             | 7. | I dare to state that priority customer service is as expected.  |
|   |                             | 8. | I am happy to use facilities as priority customers  |
| <i>CPV</i><br><i>(Customer Perceived Value)</i> | <b>6. FUNCTIONAL VALUE</b>  | 1. | I am quite helped (benefits) with special services (features) as priority customers.                          |
|   |                             | 2. | Bank's physical & facilities greatly support priority customer activities.                                    |
|   | <b>7. EMOTIONAL VALUE</b>   | 3. | Customer Representative Relationship provides assistance or flexibility according to its function.            |
|   |                             | 4. | I am comfortable being a priority customer of this bank   |
|   | <b>8.ECONOMIC VALUE</b>     | 5. | I am happy with the treatment of bank officers  |
|   |                             | 6. | <i>Priority services are very useful for me</i>   |
|   |                             | 7. | Priority services meet the specifications of customer needs   |
|   | <b>9. SOCIAL VALUE</b>      | 8. | I am proud to be a priority customer of this bank   |
|   |                             | 9. | I am very much appreciated by this bank.  |

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|   |   |           |   |
|---|---|-----------|---|
| <b>CRM</b><br><i>(Customer Relationship Management)</i> | <b>10. CRM LEVEL PROSES</b>                         | 1.        | This bank has applications or features to provide products that meet the specific needs of priority customers   |
|   |   | 2.        | I often get offers for various Bank products  |
|   |   | 3.        | Even if the account that I have is not very active but if it is reused it does not experience difficulties.   |
|   |   | 4.        | This bank is able to know and realize the products desired by customers.  |
|   | <b>11. UNDERSTANDING CUSTOMER</b>                   | 5.        | I value this bank to be able to understand my preferences as a priority customer with “soft-selling” marketing methods  |
|   |   | 6.        | This bank is able to explore the advantages customers have.   |
|   |   | 7.        | CRM applications that priority customers receive are easy to understand and run with simple steps   |
|   | <b>12. CRM READINESS</b>                            | 8.        | The Bank has features in an interactive CRM application where customers can run it in real time and provide feedback  |
|   |   | 9.        | This bank has technology that allows communication one by one with priority customers.  |
|   |   | 10.       | The Bank maintains two-way interactive communication with priority customers.   |
|   | <b>13. CRM COPABILITY</b>                           | 11.       | The Bank apologizes or compensates the time for the inconvenience or loss suffered by priority customers.   |
|   |   | 12.       | When the Bank discovers that the customer is not satisfied with the product or service that suits his needs / desires, the Bank immediately takes corrective action |
| <b>CL</b><br><i>(Customer Loyalty)</i>                  | <b>14. CONSUMERS WILLINGNESS TO CONSIDER BUYING</b> | 1.        | I as a priority customer will always use this bank’s features and facilities.   |
|   |   | 2.        | I will not move to another bank for the same service  |
|   |   | 3.        | I as a priority will continue to use this bank in the future  |
|   | <b>15. BUYING INTENSION IN THE FUTURE</b>           | 4.        | As a priority customer, I am still interested in buying and used to offer new promotion programs priority packages  |
|   |   | 5.        | I will again buy / use this bank product / service  |
|   |   | 6.        | My priority customers do not regularly buy or reuse the same bank products for other features and facilities  |
| <b>16. DECISION OF REPURCHASE</b>                       |   |           |   |
| <b>5</b>  | <b>16</b>   | <b>44</b> |   |

**RESEARCH, DESIGN AND METHOD**

In summary, the design, methods and techniques in carrying out this research can be elaborated as follows::

The first stage of the bank Sample is determined from the 10 largest banks in Indonesia and has specificity, the sample of priority customer respondents are given questionnaires and then taken to be tested 30 respondents later by using SPSS 21 to test the quality of the instrument in the form of validity and reliability. Then the questionnaire is distributed to the respondent, after obtaining the data, then the description of the research object data is done by recapitulation according to the respondent’s answer and classified according to the respondent’s profile on the basis of sex, education, age, occupation, education, so that it is ready to be processed. Second Stage: Perform descriptive data analysis to find out the average answers to questions and reflection instruments that dominate the Third Stage: Analysis of Measurement models with the Lisrel 8.80 device, beginning with the Confirmatory Factor Analysis (CFA) to test unidimensional and believe that all

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model parameters (shown by GoFI , factor loading, CR-VE) is eligible for operation and the level of dominance of each dimension is known. Then SEM full model analysis for confirmation of indicator variables, forming latent variables and the effect of independent variables both endogenous and exogenous on the dependent variable or the effect of exogenous variables on endogenous variables. Continued normality data test with maximum likelihood estimator to believe that the data is normal from the cause of outliers with skweness & kurtosis ( $Z\text{-score} > 1.96$  and  $p\text{-value} > 5$ ). Finally, the process of structuring the structural model, full model path analysis and number figures are ready to be interpreted. Fourth Stage: Interpret and be carried out by testing hypotheses.

The sampling process is carried out as illustrated in Figure .2 by taking data using non-probably sampling method with a sampling technique for banks that have priority banking services and are determined by looking at the specifics selected by Bank Mandiri, Bank BTN, Bank CIMB Niaga and Bank BJB. Quotionary distribution is 450 priority banking customers with criteria: has been a customer of at least two years, enjoying more two-type products, not corporate customers and intensely communicating with bank officers. Data retrieval in principle directly to its customers both those who are transacting and visiting at home starts in June 2018 until July 2018, Stated 420 respondents that 416 complywith are ready to be processed.

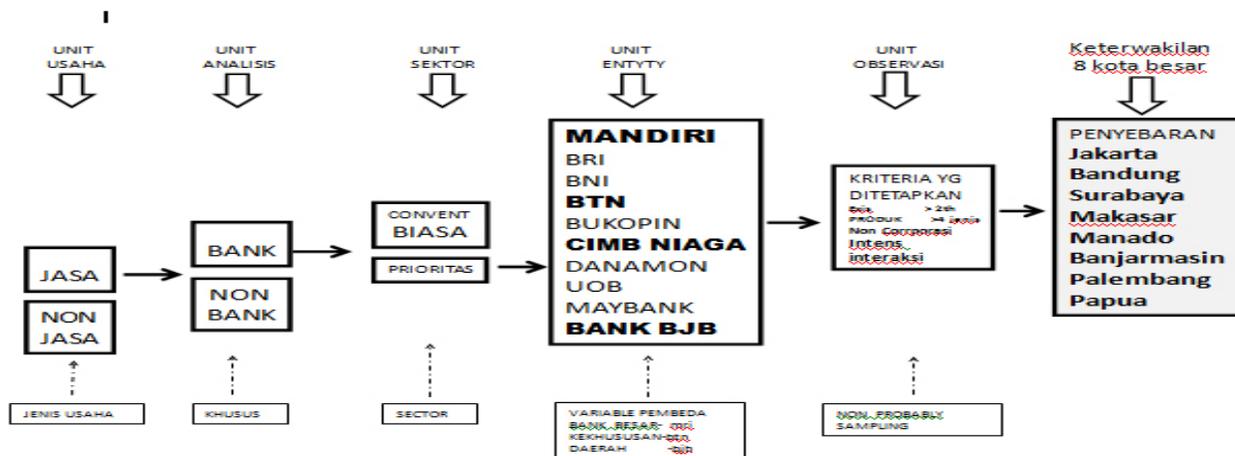


Figure2. Determination of Population Target and Sampling Framework

## RESULT AND DISCUSSION

### Validity and Reliability Test

From the calculation of the validity test, all questionnaires that measure variables and dimensions and have the value Corrected Item-Total Correlation in the counter 0.414- 0.863 is greater than the cut off 0.361 for respondents  $n = 30$  and  $\alpha = 0.05$ , thus all items are declared valid. Whre as for testing reliability is generated as follows in the table below:

Table2. Hasil Uji Reliabilitas Instrumen

| Variabel                               | Item Valid | Alpha_Cronb3ch | Limit Value | Decision |
|--|------------|----------------|-------------|----------|
| <i>Emotional Attachment</i>            | 9          | 0,879          | 0,70        | Reliabel |
| <i>Customer Satisfaction</i>           | 8          | 0,878          | 0,70        | Reliabel |
| <i>Customer Perceived Value</i>        | 9          | 0,876          | 0,70        | Reliabel |
| <i>CustomerRelationship Management</i> | 12         | 0,881          | 0,70        | Reliabel |
| <i>Customer Loyalty</i>                | 6          | 0,864          | 0,70        | Reliabel |

Source: SPSS data is processed

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The data above shows that 9 item Emotional Attachment (EA) variables have a Cronbach's Alpha coefficient value of  $0.879 > 0.70$ ; 8 item instrument Customer Satisfaction (CS) variables have a Cronbach's Alpha coefficient value of  $0.878 > 0.70$ ; 9 item instrument of Customer Perceived Value (CPV) have a value of Cronbach's Alpha coefficient  $0.876 > 0.70$ ; 12 item Customer Relation Management (CRM) have a value of Cronbach's Alpha coefficient  $0.881 > 0.70$  and 6 Customer Loyalty (CL) items have a value of Cronbach's Alpha coefficient  $0.864 > 0.70$  thus declared reliable. The conclusion from the results of the instrument's validity and reliability test above that all instruments that have been prepared are feasible and ready to be used to collect research data.

### Grand Mean

**Table 3.** *Rekap Grand mean Calculation and Dimensions Reflecting*

| Variable | Grand Mean | Highest average | Instument Reflection | Remark  |
|----------|------------|-----------------|----------------------|---|
| EA       | 4,31       | 4,39            | PAS 1 4,40           | Passion: officers always polite, kindly: call names, praise, ask news, attitudes of every moment or other important events of the customer        |
|          |            |                 | PAS 2 4,27           |   |
|          |            |                 | <b>PAS3 4,50</b>     |   |
| CS       | 4,44       | 4,47            | CEX1 4,47            | Epected customer: guarantee that service is as expected   |
|          |            |                 | CEX2 4,47            |   |
|          |            |                 | <b>CEX3 4,49</b>     |   |
|          |            |                 | CEX4 4,44            |   |
| CPV      | 4,42       | 4,48            | EMT1 4,45            | Emotional Value: pleasant treatment for customers   |
|          |            |                 | <b>EMT2 4,50</b>     |   |
| CRM      | 4,23       | 4,28            | CAP1 4,29            | Capability : means there is immediate action to corrective when encountering services that do not match the desires of both products and services |
|          |            |                 | CAP2 4,24            |   |
|          |            |                 | <b>CAP3 4,30</b>     |   |
| CL       | 4,26       | 4,29            | <b>CSD1 4,34</b>     | Consider Buying which means loyal customers and will always use all features and facilities   |
|          |            |                 | CSD2 4,23            |   |

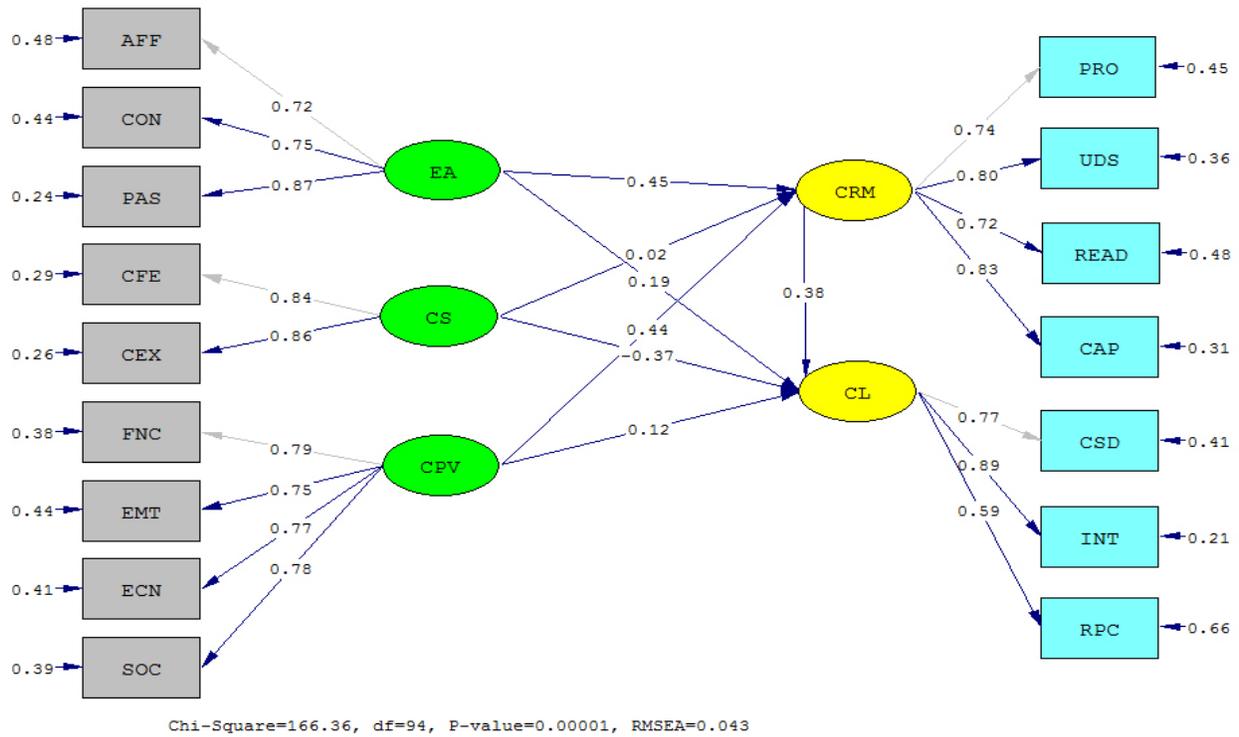
Source: Data processed

The table above provides information on the grand mean, highest average value of each dimension, and the dominant dimension that reflects, namely: the variable EA by PASS3, CS by CEX3, CPV by EMT2, CRM by CAP3 and CL by CSD1

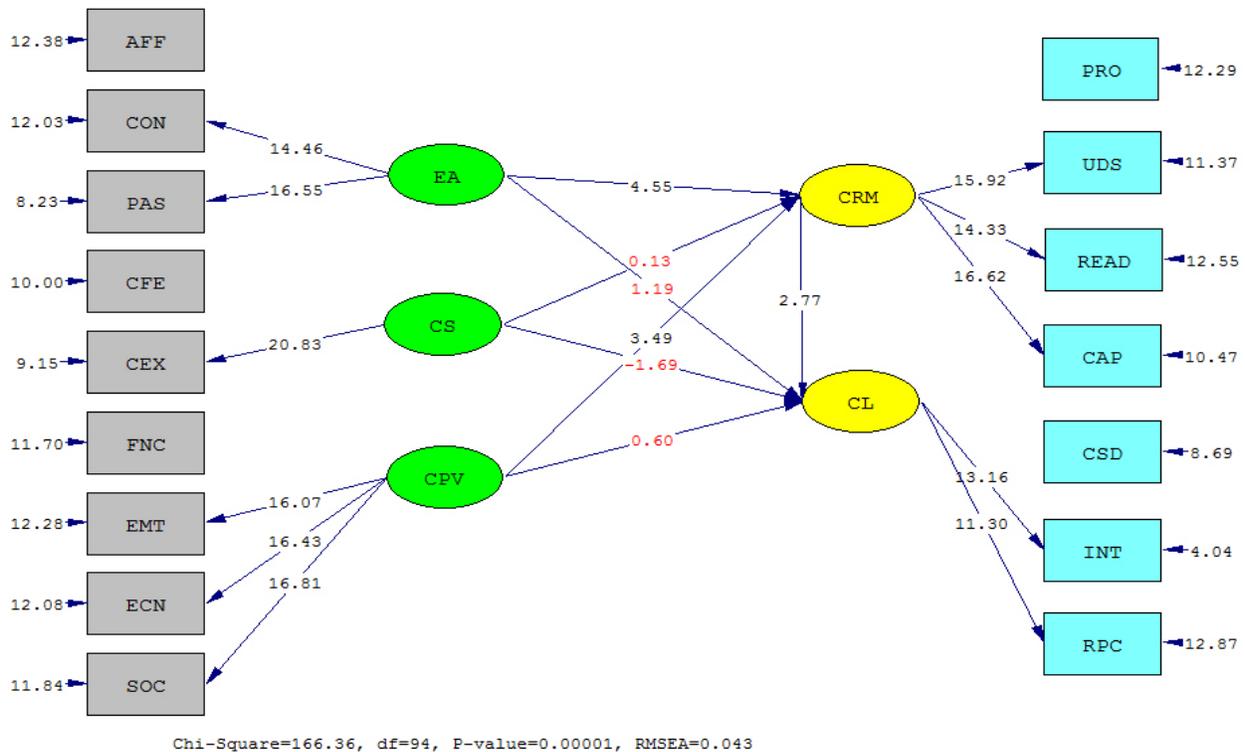
### Hypothesis Testing

The following is presented in Figure 3, Figure 4 and Table 4, which is the result of the LISREL process to explain hypothesis testing and make it easier to follow the flow in reading the testing hypothesis.

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**Figure3.** Path Diagram Basic (Hybrid) Full Model (Standardized Solution)



**Figure4.** Diagram Lintasan Basic (Hybrid) Full Model (t-value)

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**Table4.** Goodness of fit Indice Full Model

| GoFI Statistics | Result             | Criteria |
|-----------------|--------------------|----------|
| $\chi^2/df$ (P) | 170.59 /94 (0.000) | bad fit  |
| GFI ; AGFI      | 0.95 ; 0.93        | good fit |
| CFI; IFI        | 0.99 ; 0.99        | good fit |
| RMSEA           | 0.043              | good fit |
| NFI; RFI        | 0.98 ; 0.98        | good fit |

Source: Output LISREL

Table 4 shows that the objective estimation of all model match parameters meets the requirements of goodness of fit, except that only chi-square is on a bad.

**Partial Hypotesis Testing Results**

**Table5.** Significant Partial Testing (t-value)

| Relation      | Path Koefisien ( $\beta$ ) | t <sub>-tabel</sub> | t <sub>-value</sub> | Decicion   |
|---------------|----------------------------|---------------------|---------------------|--|
| H1: EA → CRM  | 0,45                       | 1,97                | 4,55                | t <sub>-value</sub> > t <sub>-tabel</sub> ; significant<br><b>H1 accepted</b>            |
| H2: CS → CRM  | 0,02                       | 1,97                | 0,13                | t <sub>-hitung</sub> < t <sub>-tabel</sub> ; <b>not signifikan</b><br><b>H2 rejected</b> |
| H3: CPV → CRM | 0,44                       | 1,97                | 3,49                | t <sub>-value</sub> > t <sub>-tabel</sub> ; signifikan<br><b>H3 accepted</b>             |
| H5: EA → CL   | 0.19                       | 1,97                | 1,19                | t <sub>-value</sub> < t <sub>-tabel</sub> ; <b>not significant</b><br><b>H5 rejected</b> |
| H6: CS → CL   | -0.37                      | 1.97                | -1,69               | t <sub>-value</sub> < t <sub>-tabel</sub> ; <b>Not significnt</b><br><b>H6 rejected</b>  |
| H7: CPV → CL  | 0,12                       | 1,97                | 0,60                | t <sub>-value</sub> < t <sub>-tabel</sub> ; <b>not significant</b><br><b>H7 rejected</b> |
| H8: CRM → CL  | 0,38                       | 1.97                | 2,77                | t <sub>-value</sub> > t <sub>-tabel</sub> ; signifikan<br><b>H8 accepted</b>             |

Source: Out put LISREL processed

Table 5. The above shows the significance of the test results partially. As an indicator, if the statistical value is | t-value | > t-table shows a significant effect, while the statistical value | t-counts | < t-table shows an insignificant influence. Testing the hypothesis that reflects the causality relationship in the SEM model is basically testing the significance of the path coefficient or Beta coefficient, so it is decided that Ho is rejected if it is obtained t<sub>value</sub> > t-table = 1.97 at  $\alpha$  = 5% and df: nk-1 = 416 -3-1 = 412 or t<sub>value</sub> > t-table = 1.97 at  $\alpha$  = 5% and df: nk-1 = 416-4-1 = 411 means significant influence and the (alternative) research hypothesis is accepted or proven. Furthermore the results of the hypothesis testing is : 1) Emotional Attachment (EA) has a positive and significant influence on Customer Relationship Management (CRM).. 2) Customer Satisfaction (CS) has a positive and not significant effect on Customer Relationship Management (CRM).3) Customer Perceived Value (CPV) has a positive and significant influence on Customer Relationship Management (CRM).4) Emotional Attachment (EA) has a positive and insignificant influence on Customer Loyalty (CL).5) Customer Satisfaction (CS) has a negative and insignificant effect on Customer Loyalty (CL).6) Customer Perceived Value (CPV) has a positive and insignificant effect on Customer Loyalty (CL).7) Customer Relationship Management (CRM) has a positive and significant influence on Customer Loyalty (CL).

**Simultaneously Significance Test on CRM (F-test)**

**Table6.** Test on CRM Substruktur-I

| Variabel Laten Eksogen            | (R <sup>2</sup> ) | F-tabel | F-value  | Decicion  |
|-----------------------------------|-------------------|---------|----------|---|
| EA, CS, and CPV<br>simultaneously | 0,73              | 2,63    | 371,3086 | F-value > F-tabel<br>Ho rejected ; signifikan<br><b>H4 accepted</b> |

Remark: F-tabel = 2,63 pada α=5% & df: db1:k=3 ; db2:n-k-1=416-3=412

Source : processed by author

Table 6 shows the effect of Emotional Attachment (EA), Customer Satisfaction (CS) and Customer Perceived Value (CPV) simultaneously on Customer Relationship Management (CRM) with F-count value of 371,3086> F-table = 2.63; meaning influence Emotional Attachment (EA), Customer Satisfaction (CS) and Customer Perceived Value (CPV) together with Customer Relationship Management (CRM is significant with a coefficient of determination of 73%. Thus H4 is accepted or proven.

**Simultaneously Significance Test on CL (F-test)**

**Table7.** Test on CL Substruktur-2

| Variabel Laten Eksogen                 | (R <sup>2</sup> ) | F-tabel | F-value | Decicion   |
|--|-------------------|---------|---------|--|
| EA, CS, CPV dan CRM,<br>Simultaneously | 0,14              | 2,39    | 16,7267 | F-hitung > F-tabel<br>Ho rejected ; signifikan<br><b>H9 accepted</b> |

Remarks: F-tabel = 2,39 pada α=5% & df: db1:k=4 ; db2:n-k-1=416-4-1=411

Source :: Proccesed by author

Table 7 shows the effect of Emotional Attachment (EA), Customer Satisfaction (CS), Customer Perceived Value (CPV) and Customer Relationship Management (CRM) simultaneously on Customer Loyalty (CL). With an F-value = 16.7267> F-table = 2.39; this gives the meaning of the influence of Emotional Attachment (EA), Customer Satisfaction (CS), Customer Perceived Value (CPV) and Customer Relationship Management (CRM) together with Customer Loyalty (CL) significantly with a coefficient of determination of 14%. Thus H9 is accepted or proven. Furthermore, an equation analysis of Structures I and II is taken which are presented in Figures 3 and 4 above:

Equation Sub Struktur-I:

$$CRM = 0.45*EA + 0.02*CS + 0.44*CPV, Errorvar.= 0.27, R^2 = 0.73$$

|         |         |        |          |
|---------|---------|--------|----------|
| (0.080) | (0.085) | (0.15) | (0.0080) |
| 4.55    | 0.13    | 3.49   | 6.42     |

Equation Sub Struktur-II:

$$CL = 0.38*CRM + 0.19*EA - 0.37*CS + 0.12*CPV, Errorvar.= 0.86, R^2 = 0.14$$

|         |         |         |        |         |
|---------|---------|---------|--------|---------|
| (0.095) | (0.088) | (0.088) | (0.16) | (0.010) |
| 2.77    | 1.19    | -1.69   | 0.60   | 7.87    |

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The full structural equation of the model above shows: In the sub-structure equation I a) Emotional Attachment (EA) variable with a path coefficient of 0.45 and t-value = 4.55 > 1.97, the effect on Customer Relationship Management (CRM) is positive and significant; b) Customer Satisfaction (CS) variable with a path coefficient of 0.19 and t-value = 1.19 < 1.97, the effect on Customer Relationship Management (CRM) is positive and insignificant; c) Customer Perceived Value (CPV) variable with a path coefficient of 0.44 and t-value = 3.49 < 1.97, the effect on Customer Relationship Management (CRM) is positive and significant; d) Emotional Attachment (EA) variables predominantly affect Customer Relationship Management (CRM). E) Value of R<sup>2</sup> = 0.73 means that the coefficient of determination or the magnitude of the contribution of EA, CS and CPV in explaining CRM is 73%. Sub-structure equation II a) variable Customer Relationship Management (CRM) with a path coefficient of 0.38 and t-value = 2.77 > 1.97, the effect on Customer Loyalty (CL) is positive and significant; b) Emotional Attachment (EA) variable with a path coefficient of 0.19 and t-value = 1.19 < 1.97 so the effect on Customer Loyalty (CL) is positive and insignificant; c) Customer Satisfaction (CS) variable with path coefficient of -0.37 and t-value = | -1.69 | < 1.97, the effect on Customer Loyalty (CL) is negative and insignificant; d) Customer Perceived Value (CPV) variable with a path coefficient of 0.12 and t-value = 0.60 < 1.97, the effect on Customer Loyalty (CL) is positive and insignificant. e) Customer Relationship Management (CRM) variables that have the most dominant influence on Customer Loyalty (CL) f). Because of the four variables, only one variable, Customer Relationship Management (CRM), which has a significant influence on Customer Loyalty (CL), the value of R<sup>2</sup> = 0.14 means that the coefficient of determination or the magnitude of the contribution of CRM, EA, CS and CPV in explaining CL is 14%. why is the smallest among the four CRM variables only the biggest, thus carrying the three variables in question

### Analisis Variabel Mediator

Mediator variable analysis is needed to determine the role of CRM as an intermediary, by calculating the amount of direct and indirect influence and its significance value with the t-value as follows:

**Analysis of the effect of EA on CL with CRM mediation** Figure 6 shows : The direct effect of EA on CL is positive at 0.19 and not significant, EA on CRM is positive at 0.36 and significant, CRM on CL is positive at 0.38 and significant, EA to CL through CRM is  $(0.36 \times 0.38) = 0.1368$  and significant.

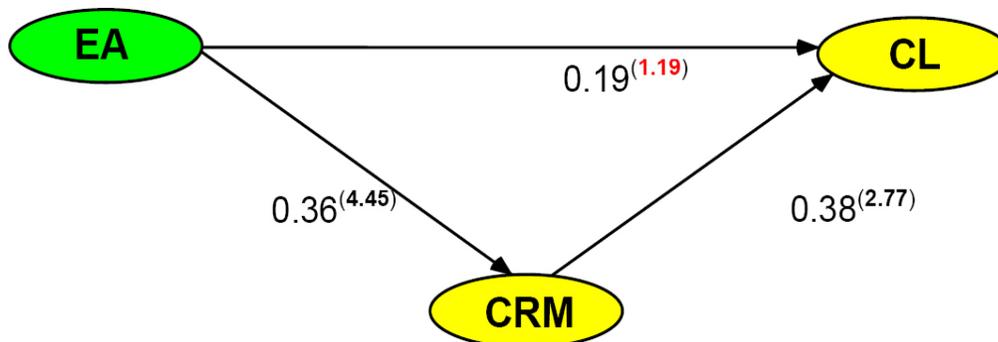
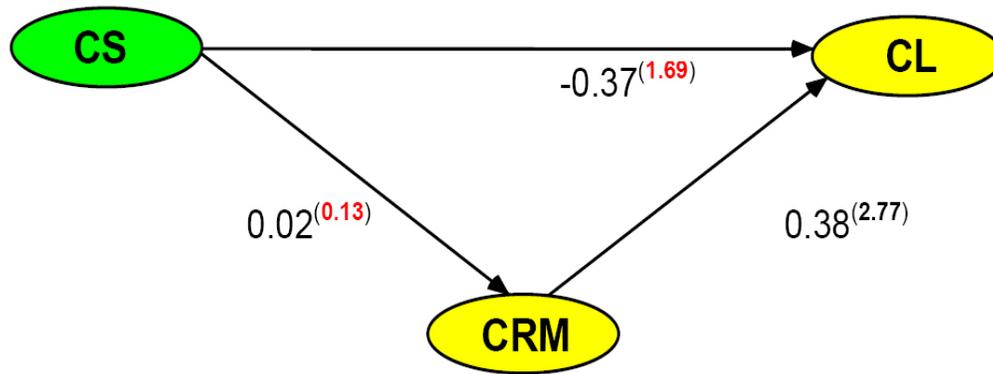


Figure6. Path diagram of direct EA influence to CL and indirect influence with CRM mediation

Based on the results of the analysis, Customer Relationship Management (CRM) as a full mediator influences Emotional Attachment (EA) on Customer Loyalty (CL). That is, the direct influence of EA to CL is not significant, but through CRM the effect of EA to CL becomes significant.

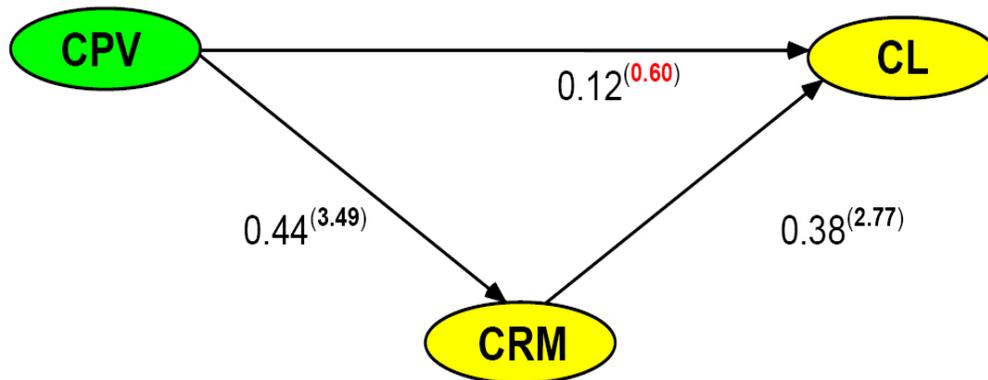
Analysis CS to CL with CRM mediation. Figure 7 shows :The direct effect of CS to CL is negative at -0.37 and not significant, CS to CRM positive direct influence is 0.02 and not significant, CRM on CL is positive at 0.38 and significant, CS to CL through CRM is  $(0.02 \times 0.38) = 0.0076$  and not significant.



**Figure7.** Path diagram of direct CS influence to CL and indirect influence with CRM

Based on the results of the analysis, Customer Relationship Management (CRM) is not a mediator of the influence of Customer Satisfaction (CS) on Customer Loyalty (CL). That is, the direct influence of CS to CL is not significant, the indirect effect of CS to CL through CRM is also insignificant.

Analysis of CPV influence on CL with CRM mediation Figure 8 shows :The direct effect of CPV to CL is positive at 0.12 and not significantCPV to CRM positive direct influence is 0.44 and significant, CRM on CL is positive at 0.38 and significant, CPV to CL through CRM is  $(0.44 \times 0.38) = 0.1672$  and significant.



**Figure8.** Path diagram of direct CPV influence to CL and indirect influence with CRM

Based on the results of the analysis, Customer Relationship Management (CRM) is a full mediator of the influence of Customer Perceived Value (CPV) on Customer Loyalty (CL). That is, the direct influence of CPV to CL is not significant, but through CRM the influence of CPV to CL becomes significant. As a general conclusion from the mediator analysis in this study, that the Customer Relationship Management Variables in this study are as intervening variables or full mediators Emotional Attachment, Customer Perceived Value towards Customer Loyalty, but not for Customer Satisfaction.

**Discussion**

Based on the results of the analysis of variable-dimension indicators, hypothesis testing and various explanatory descriptions above, then as the essence of this research can be discussed the following discussion: The results of this study confirm that the role of Emotional Attachment (EA) is proven to have a direct influence (highest among the 3 other variables) in the creation of Customer Loyalty (CL), and become significant when mediated by Customer Relationship Management (CRM), which is reflected by the most dominant dimension passion

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(PAS1 0.54 and PAS2 0.53) which is stated in a statement, since becoming a bank customer is part of their activities and needs, always remembering and inseparable part where the bank officer relationship is very close, not awkward and can even be said to have a special relationship. In practice passion is manifested as the daily behavior of officers in the form of touching emotions (emotional Touch) to customers. This means that Priority Banking officers in their daily behavior must always: always try to connect with customers, always adjust to the personality of the customer, and always admonish kindly, affectionately (such as name, praise, ask family health news etc.), pay attention to important events such as birthdays, marriages, graduation graduations, deaths, illness -opname etc) and this must be a concern for leaders or anyone responsible for managing Priority Banking, basic human needs in interacting with other humans hierarchy of needs (Abraham Maslow, 1994) The role of Emotional Attachment also dominates its existence because when present with Partial Customer Perceive Value (CPV) and Customer Satisfaction (CS) influence the role of CS and CPV to be elaborated where CPV and CS become not significant even CS has a negative or disappearing effect, in previous studies CS & CPV had significant and even powerful with CL (Cheema 2017), CS conditions diminish or the effect becomes less influential. This is make sense, because in practice it can simply be explained that in Priority Banking, when a customer is bound to his emotions, the satisfaction factor becomes less influential in maintaining customer loyalty. For example, parents with their children who clearly have emotional ties and when there are less satisfactory actions, do not reduce their loyalty relationship. This is evident in relation to the relationship between officers and customers in Priority Banking. Customer loyalty is an indispensable element to drive competitor strategies so that satisfaction is not fully related to predicting customer loyalty. (Subagio & Saputra, 2012) (Sayani, 2015) Its also common occur as long as related human to human. The role of Emotional Attachment, after being tested partially has a significant relationship with CRM and so the results of the test together with EA, CS & CPV have a positive and significant effect (sub-structure equation1) with coofesiens terminated 0.73% means that the contribution of these three variables in explain CL by 73% and the most dominant Emotional Attachment variable with the highest path coefficient of 0.45 between CS (0.02) and CPV (0.44). This means that in practice item points that are reflections in dimensions and indicators in emotional attachments, especially those that dominate, namely passion must be the focus in customer management in Priority Banking. The CRM skills dominate among the other 3 variables, because after being tested together with EA, CS & CPV against CL has a significant effect (structure equation 2) with the highest path coefficient of 0.38 while the other three variables are below it. This influence is reflected by the Capability dimension, which means that in managing customer relations in Priority Banking must be more concerned with capability, and the implication of this must be a serious concern of management or anyone who is in charge. Besides that CRM is also a full mediator for EA and CPV partially against CL, because these two variables are significant after CRM mediation Whereas for CS not because Customer Satisfaction does not need to be included in customer relationship management (Hesket 1994) & (Fitzsimon 1998). This means, that in managing Priority banking the role of CRM cannot be ruled out or even its existence is absolutely necessary and organized structurally and systemically where the elements of EA and CPV become their soul, so that anyone officers automatically become entrenched. The role of CRM is strategic in managing business, especially in research in Priority Banking, and this is in line with the results of previous research studies Lin et all (2010), Sidiqqi (2011), Reinartz (2004), Yun at all (2005) so that this study adds to the length list of opinions that confirm the importance of CRM. Furthermore, it also further deepens the confidence of business managers, especially in the Banking Priority Banking sector and other sectors. That the bank environment is referred to as a very important factor in influencing consumer loyalty to the brand. (Sreenivasulu et al. 2014) and by building stronger emotional attachments on customers to achieve customer loyalty. (Teng So, 2016). It can also be emphasized that HR factors must be a serious concern and are required to have a capable capability level and a good passion (attitude) in the soul of service wholeheartedly. Emotional Touch, which is an act as a factor in creating Emotional attachments, must be cultivated.

## **CONCLUSION, IMPLICATION & LIMITATION**

### **Conclusion**

The results of this study confirm that Emotional Attachments have a direct influence in creating Customer Loyalty, and become significant when mediated by Customer Relationship Management. The dominance of this influence is reflected in *passion*. this is in practice in the form of emotional touch daily behavior of employees. This means that Priority banking officers in their daily behavior must always: always try to connect with customers, always adjust to customers' personalities, and always admonish friendly, loving (such as calling names, praising, asking family health news etc.), giving attention to important events such as birthdays, marriages, graduation graduations, deaths, hospitalizations etc.) The role of Emotional Attachment dominates its existence because when it comes together with Customer Perceive Value and Customer Satisfaction the role of CS and CPV is eliminated in influencing CL even CS disappears, this in practice can simply be explained that in Priority Banking, when the customer is bound to his emotions, the satisfaction factor becomes less influential on customer loyalty. For example, parents with their children who clearly have emotional ties, when there are unsatisfactory actions, will not reduce their loyalty relationship. The Effect of Emotional Entanglement on Customer Relations Management after being tested together with CS and CPV. Significant in creating Customer Loyalty where the items which are a reflection of dimension are passion. CRM becomes partially full mediator of each Emotional Attachmrent and Customer Perceive Value in its influence to create Customer Loyalty. Because these two variables become significant after CRM mediation, and are reflected by the Capability dimension that the Bank's concrete actions maintain two-way interactive communication with priority customers, apologize or provide compensation in time for inconvenience or loss suffered by the customer and immediately take corrective action when finding the customer is not satisfied with the product or service that is not in accordance with his needs / desires, all of which is the policy occurs in Priority Banking.

### **Implication**

Managers, Management who are responsible for managing Priority Banking should be concerned with the Emotional Attachment which prior reflected in their passion. Besides that, the existence of CRM is absolutely necessary and it should be held in a structured and systemic manner so as to ensure continuity so that it is minimal as a preventive erosion of customer loyalty or at least keeping customers escape to other banks. As a suggestion, the author recommends that this study be continued in the test per region comparing its characteristics, followed by expanding the research to examine its effect on Priority Banking performance, of course, supporting variables are needed.

### **Limitation**

This study investigates the role of emotional attachment in creating customer loyalty only limited to banking and priority sectors in Indonesia and has not reached other sectors of the banking industry both nationally and internationally. Limited also has not analyzed the effect on Priority Banking performance which of course still requires additional supporting variables. This research also limits its influence with the digital era and Financial Technology (Fintec) which has recently been developed in banking.

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