

CHAPTER I

INTRODUCTION

1.1 Background of Study

The bank's business strategy is one of the keys to the success of a bank to be able to continue to participate in global competition which continues to heat up and makes banks have to move dynamically to adapt to the increasingly fierce competition movement. Customers are also now becoming more critical and not like they used to be, who only want to save without checking the policies of the bank to which they become customers or customers. Therefore, a good marketing strategy is being discussed in this research so that a bank can compete well in the midst of global competition between local and international banks. (www.ahliperbankan.com).

Corporate competition in business becomes the main thing that must be maintained. Changes in the market, purchasing power and consumer interest will continue to develop over time. For changes that will occur, companies need to continue to do in accordance with exiting developments in order to continue to retain customers.

Brand image is an important thing in the development of the company. Image is a public view of the company or its products. A good image about the product will benefit the company because consumers will unwittingly recommend the product to others. Conversely, a bad image about a product will cause consumers to spread bad information to others. Brand image is a brand perception

associated with brand associations that are embedded in consumers' memories. Some marketing tools that can be used to create a brand image include the product itself, packaging or labeling, brand name, logo, colors used, place of purchase promotion, retailer, advertising and all other types of promotions, price, brand owner, country of origin, even the target market and product users. (Anindita 2021)

Marketing capabilities control business performance and these capabilities depend on the capacity to understand customer needs and therefore build long-term relationships. Effective organizations often invest and encourage this capability, which enables the organizations to execute excellent innovation processes. As a result, this leads to product, services and processes innovation and superior business performance outcomes. (Brown and Foroudi 2019)

The existence of competition or competition in the field of banking and credit within a company and also the customers and employees with many new companies that have an effect on one of the products of other competing banks such as Bank CIMB Niaga, Bank BCA, Bank OCBC, Bank Permata and Bank Danamon and others. Brand Image at PT. Bank Mestika Tbk., which offers services to the public, customers, and employees certainly causes quite high competition among other companies.

The banking business is currently very much determined by the marketing capabilities and brands of the banks themselves. These two things become things that are very much considered by customers apart from the products offered. Banks need to have good experience in getting customers from other banks. In

addition to marketing skills, the bank's business is also very dependent on interacting services to customers. Bank will try to establish a marketing strategy that promotes their brand image.

Brand image is a response given by customers as service users to banks that provide services. The results of customer responses will become a consideration for decision making and for the bank, the brand image they have will be a separate assessment for the products and services they have that have won the trust of customers or not. With a good brand image will certainly be able to get satisfaction from consumers. The importance of brand image is also explained by Indartio (2018), companies that have a good image or reputation will encourage consumers to buy products offered, enhance competitiveness, encourage employee morale, and increase customer loyalty. (Iriqat and Daqar 2018)

As one of the big banks in Medan, PT. Bank Mestika Dharma Tbk in running its business remains focused on the retail banking business by promoting the principles of prudential banking and good risk management and supported by professional services by improving service quality. PT Bank Mestika has customer segments that include individual customers and customers from corporations with company names as well as micro, small and medium businesses who register their names in the name of their business. PT Bank Mestika Dharma, Tbk has 12 Branch Offices, 45 Sub-Branch Offices and 7 Cash Offices and 70 ATMs located in cities in North Sumatra, Pekanbaru, Batam, Jambi, Padang, Jakarta, Surabaya and Palembang. In the results of the research by the writer, the

company still experiences several complaints from customers at this time. Complaints received will certainly have an effect on customer satisfaction. The following is the complaint data submitted by customers.

Table 1.1
Customer Complaint Data PT Bank Mestika Dharma 2015-2020
Zainul Arifin Head Office

Year	Amount of complaints	Problems
2015	85	1. Bank ATM machine is not in a strategic location
2016	67	2. The ATM card will be subject to admin fees
2017	69	3. Low interest on savings only 0.75%
2018	92	4. There are no prizes for customers who open savings account
2019	78	5. The waiting room is limited for customers who make cash transactions at tellers and customer service
2020	86	6. There is a cash withdrawal fee if it is made through the ATM Bersama 7. Long time to take care of opening an account up to 1 hour

Source: PT Bank Mestika Dharma, 2015-2020

From the complaint data submitted by customers, it can be seen that customers still have complaints in their banking activities. The number of complaints tends to experience an increasing trend from 2015 to 2020. Problems complained by consumers regarding customers are not satisfied with the fact that the Mestika Bank ATM machine is not in a strategic location such as not being in a large mall or in an area outside the city. In addition, the Mestika Bank savings facility is still subject to admin fees every month and the interest in savings is only 0.75 where there are also savings that do not have ATM which have a higher interest rate of 2% and are free of administration fees but customers do not get ATM facilities so it is a bit inconvenient if customers need money outside operational hours while other banks provide savings with ATM facilities and free admin fees. The interest for time deposits held is only 3.75%, while other banks provide a higher interest rate of up to 7% for deposits. Not giving additional

prizes to customers who open deposits such as getting Tupperware products. The limited waiting room in terms of seats provided when providing services makes customers unable to wait comfortably. In addition, there are admin fees that are charged every month to customers and cash withdrawal fees through the ATM Bersama facility are things submitted by customers. In addition, opening an account takes quite a long time for up to 1 hour to create a customer account. Complaints are submitted by consumers via email, to direct employees and suggestion boxes. The problems that occur make the development of the brand image of Bank Mestika will experience development difficulties in the future.

Brand image is an important part in reflecting the image of a company name or brand in the eyes of consumers. By forming a good brand image, it will increase consumer confidence. Conversely, if there is a bad brand image done by employees, it will make consumers feel uncomfortable and will not give trust to the brand. Employees have not been able to run expected mission, cause disappointment from consumers. PT Bank Mestika wants to create a very consumer centric brand. The launched product or service is designed with an effort to see what customers need. Its application is also in accordance with the brand promise, namely commitment, competence, cooperation, openness and honesty. For example, professional service from employees, commitment to speed of service and customer satisfaction, disclosure of customer information, commitment to continue to innovate such as the development of mobile banking and internet banking. The current brand image of Bank Mestika matches the

mission proclaimed by Bank Mestika. The following is data on the comparison of brand images at Bank Mestika and the current brand image realization.

Table 1.2
Brand Image Realization PT Bank Mestika Dharma 2015-2020
Zainul Arifin Head Office

Mission of Bank Mestika	The realization of the application of the brand image of Bank Mestika
1. Develop synergy and added value to stakeholders	1. Employees who are not polite in speaking to customers
2. Providing professional banking services with sound risk management principles	2. Banking products owned by Mestika Bank are only limited in terms of saving, do not have other types of products.
3. Improve the image of Bank Mestika by developing human resources with high integrity	3. Employees are not active in offering Bank Mestika's banking products to customers
4. Value of Bank Mestika: Commitment, competence, cooperation, openness, and honesty	4. The knowledge of banking products possessed by Bank Mestika employees is still low
	5. The availability of a few ATM machines makes it difficult for customers to make transactions

Source: PT Bank Mestika Dharma, 2015-2020

From the information on the realization of the brand image of Bank Mestika, the completion of the brand image at Bank Mestika does not seem to be going well. The issue is related to the professionalism at work, such as employees who speak impolitely in serving customers and use informal language and often late in making appointments with customers. When providing services to customers, employees do not offer bank products related to time deposits, KPR (public housing loans) interest, applications for customer working capital, and customer installment relief. Employees, who have difficulty answering questions from customers when asked, must first check the products asked by consumers and cannot directly answer consumer questions. In the matter of the difficulty of Bank Mestika in serving all customer segments, which can be seen from the readiness of ATM machines that are not available in several public places and branch offices that are not outside the city create difficulties in developing the

brand image of the Bank Mestika to be known by customers. At present, the banking products owned by Mestika Bank are only limited to saving products and have no other product variations. Various problems in the realization of the brand image at Bank Mestika will make it difficult to develop brand image and decrease customer satisfaction. The brand image that exists at Bank Mestika at this time also does not follow the changing conditions of the current business system, namely the change to a digital bank that offers various conveniences for customers so that the brand image at Bank Mestika is difficult to compete with other banks that have made changes towards digital banks.

Based on this review, the writer decides to conduct a research entitled **“The Effect of Brand Image towards Customer Satisfaction at PT Bank Mestika Dharma, Zainul Arifin Head Office Medan”**

1.2 Problem Limitation

In the problems discussed by the researcher, the problem of complaints from customers has an impact on reducing customer satisfaction and has an effect on the company's brand image.

However, due to the limitation of time, budget, and data access in this research, the writer will focus only on brand image and its effect on customer satisfaction at PT Bank Mestika Dharma Medan. The writer choose brand image as the main problem of this study. Problem limitations are brand image as the independent variable (X) and customer satisfaction as the dependent variable (Y). Indicators of brand image as the independent variables include indicator according

to Kapferer (2016, p.158-162) that is personality, culture, relationship, self-image and indicators of customer satisfaction as the dependent variables include system complaints and suggestions, customer satisfaction surveys, undercover customers, analysis of former customers (Novyanti and Shintia, 2019).

1.3 Problem Formulation

Referring on the background of the study, the writer formulated some question for the research to be conducted:

1. How about brand image at PT Bank Mestika Dharma Zainul Arifin Head Office Medan?
2. How about customer satisfaction at PT Bank Mestika Dharma Zainul Arifin Head Office Medan?
3. Does brand image have an effect towards customer satisfaction at PT Bank Mestika Dharma Zainul Arifin Head Office Medan?

1.4 Objective of the Research

The objective of the research is created to answer the question formulated above, hence the objectives of research should be:

1. To explain about the brand image at PT Bank Mestika Dharma Zainul Arifin Head Office Medan.
2. To explain about the customer satisfaction at PT Bank Mestika Dharma Zainul Arifin Head Office Medan.
3. To analyze whether brand image effect towards customer satisfaction at PT

Bank Mestika Dharma Zainul Arifin Head Office Medan.

1.5 Benefit of the Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefits

The theoretical benefit of this research is as follow:

1. Enrich the knowledge of the writer by doing the research also increase the experience of the writer in doing research.
2. Reading material for all students at Universitas Pelita Harapan, Medan

1.5.2 Practical Benefit

The practical benefit of this research is as follow:

1. To the company, to get information whether the survey that has been made will be useful to improve the company's productivity.
2. To other people, future researcher, readers: to be a guide in leading the reader to do another research that are compatible with this research.
3. Also, to gain insight about what is need to update the relevant data provided from this research, so reader will get a picture on how to improve the quality of their data.