

The Relationship Marketing Practices on Priority Customer Trust Levels in Depositing Funds at Bank BRI Purwokerto During the Pandemic

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ABSTRACT

The banking industry in Indonesia is currently quite fragmented, with various challenges with globalization. The covid-19 pandemic does not only affect the health sector, but the economic sector also affected including the banking industry. Customer trust is one of the issues that needs to be considered, especially funds obtained from third parties (priority customers) which make a significant contribution to the sustainability of the bank and provide a profit value for the bank. This is due to various phenomena that occur in society including failures in business, decreased turnover, increased rates of investment-related fraud and banking cases that occur in pandemic. This research was conducted to see how important the role of relationship marketing practice is to the trust of priority customers to save their funds at Bank BRI Purwokerto branch during the covid-19 pandemic. This research was conducted to members of RM Dana officer at Bank BRI Purwokerto, to analyze relationship marketing practices that have been carried out using direct interview techniques. These results are then analyzed by looking at the development of the number of priority customers based on the annual report from Bank BRI Purwokerto before and during the pandemic. The results of the study show that there is an increase in the number of funds and priority customers during the pandemic. This increase was influenced by changes in the approach strategy to customers carried out by the RM Dana team during the pandemic. In addition to the reputation of Bank BRI as a banking industry under BUMN which increases the trust of priority customers.

Keywords: BRI Purwokerto, *Customer trust*, *Priority customer*, *Relationship marketing*

1. Introduction

The banking industry in Indonesia is currently quite fragmented, with many players in the market, both retail and business to business. Currently, almost all potential banking customers have become customers of certain banks and have banking products. The competition to win the trust of priority customers is becoming more difficult, because customers are getting smarter (comparison to yields/interests, prizes, and services offered). Features such as ATM and internet banking have become standard and mandatory services, and are no longer value-added services. Therefore, we need a tool called a strategy because basically this is a determining factor for the

success of a company, both small and large in any industry. Traditional marketing approaches, such as transactional types, have many drawbacks compared to relational marketing which highlight the notion of trust and shared experience with clients/customers. The use of relevant, personalized communication and building long-term relationships will give customers a good level of trust. Customer-focused, relational marketing marks the transition from mass marketing to specialty marketing, as "a process that brings buyers and sellers together in a mutually beneficial, personal, professional and long-term relationship" (Chirica, 2013).

The impact of this pandemic is not only on the health sector, but the economic sector including banking (Sullivan & Widodoatmodjo, 2021). This is due to the phenomenon in society which has experienced many failures in business in pandemic, decreased turnover, increased levels of investment-related fraud and banking cases that occurred. This problem causes difficulties that may be encountered in an effort to raise funds from third parties, especially in the city of Purwokerto.

Since the last few years we can talk about the analysis of consumer behavior based on several criteria, including emotional or moral components, consumer expectations, and lifestyle. Understanding these variables is the main pillar of relational marketing to gain the trust of customers. Primary goals depend on building long term relationships, client retention, and loyalty. As part of marketing efforts, the communication component has an increasingly important role. The changing economy, the extensive use of technology, the migration towards online and the optimization of communications are opening the door to the digital age, when relationship marketing and client relationship management represent not only a working premise, but an essential foundation. The occurrence of the Covid 19 pandemic that hit the world caused significant changes in the development of customer habits related to technology and digital today. The rapid development of technology and digital globally is currently one of the important points in the banking sector to facilitate transactions. This research was conducted to see how important the role of relationship marketing and digital innovation is to customer trust to save their funds at Bank BRI Purwokerto branch during the covid-19 pandemic.

The reducing in public trust for the banking industry was due to information and news regarding problems in the banking sector. The failure of the management of large insurance companies also has an impact on the banking system, such as the Jiwasraya case. News about the problems of seven banks and the potential for increasing bad loans during the COVID-19 pandemic. Another problem is the limited direct transactions due to government regulations and the public's fear of contracting the COVID-19 virus. This makes banks have to continue to innovate digitally, even though it will reduce the effectiveness of communication to build good relationships with customers. Therefore, the authors want to know whether the development of technology and relationship marketing can improve customer trust, in addition to other factors that cannot be reached by employees in the field.

2. Literature Review

Banking institutions are institutions that have a significant contribution to the development of a nation. Bank is a business entity that collects funds from the public in the form of savings and distributes them back to the community in the form of credit or other forms in order to improve the standard of living of the people (Banking Law No. 10 of 1998; Aravik & Hamzani, 2021). Customer relationship management (CRM) is a concept that varies according to the views of

various parties. In fact, the meaning of CRM stands for varied and debated for a long time. For some people, CRM stands for “customer relationship marketing”. Meanwhile, another group believes that not all customers want a relationship with a supplier, removing the word "relationship" and choosing the term "customer management". There are also parties who prefer the term "relationship marketing".

Basically CRM is a focused or customer-oriented business practice (Buttle, 2004). According to Zeithaml and Bitner (2003) "relationship marketing for relationship management) is a philosophy of doing business, a strategic implementation, that focuses on keeping and improving current customers other than on acquiring new, customers". management is a business philosophy, strategic orientation, which focuses on efforts to maintain and retain current customers, rather than finding new customers. Kotabe and Helsen (2004) state that: "customer relationship management (CRM) or database marketing is the strategic process of managing interaction between in the company and its customer, with the objective of maximizing the lifetime value of customers for the company and satisfying the customers by being customer-focused”.

"Customer relationship management is a process of modifying customer behavior over time and learning from every interaction, customizing customer treatment, and strengthening the bond between the customer and the company. This is the Principle of important I toll marketing" (Newell, 2000). Through the above definition, it can be interpreted that customer relationship management is a process of modifying consumer behavior over time and learning from each interaction, various customer care, and strengthening the bond between the customer and the company. This is one of the important principles in marketing tools.

According to Zeithaml and Bitner (2003):

- **Financial Bonds**

This means that the company's efforts for customers are mainly through financial incentives, lowering prices on large purchases or providing price reductions to long-standing customers with the company, the number and frequency of gifts, sales in one package and stable pricing.

- **Social Bonds**

Is an attempt by marketers to build long-term relationships through interpersonal and social relationships as well as financial ties. Whether the customer is seen as an unknown "client", to an individual whose needs are known and the company seeks to know and understand it through ongoing relationships, personal relationships, social bonds between customers.

- **Customization Bonds**

Involves more and more social and financial incentives, although there are often elements of financial ties and social ties in Customization Bonds, through the proximity of the Customer, the ease of requesting or ordering large quantities and the expectation of something new.

- **Structural Bonds**

It can be interpreted that the company seeks to create and provide services to customers, so that customers become parties within the company's management structure, which will later participate in the company's decision making through participation in the process and completeness, joint investment and an integrated information system.

3. Research Methodology

This research was conducted to see how important the role of relationship marketing practice is to the trust of priority customers to save their funds at Bank BRI Purwokerto branch during the covid-19 pandemic. This research was conducted to members of RM Dana officer at Bank BRI Purwokerto, to analyze relationship marketing practices that have been carried out using direct interview techniques. These results are then analyzed by looking at the development of the number of priority customers based on the annual report from Bank BRI Purwokerto before and during the pandemic.

In this study using primary and secondary data. The primary data used is direct information from respondents, namely the staff of RM Dana BRI Purwokerto with direct interview techniques. The data is the result of direct interviews with staff related to depositing third party funds (priority customers). The secondary data used is the annual financial report data of Bank BRI Purwokerto branch to see the trend of changes in funds from priority customers before and during the pandemic.

The type of interview used is *open-ended*, where the researcher asks key facts about a variable. This type of *focused interview* is an interview in a short time based on a literature study obtained from books or journals related to the discussion. Analysis of the data used in this study is explanations (descriptive) (Yin, 2004). The purpose of making this explanation is to analyze data from a case study such as covid-19 pandemic by making an explanation regarding the impact of the "*relationship marketing*" variable on the trust of priority customers to save their funds at the BRI Purwokerto. The explanation in the case study is done in the form of a narrative. The explanation made, will be a representation of a theoretically significant proposition.

4. Results

In this study, direct interviews were conducted using an open-ended technique and focused on interviews. The questions given are grouped based on existing theories related to relationship marketing practices that have been described by several researchers. In addition, the questions asked also compare the changes made related to services and innovations during the pandemic.

The following are the aspects that were asked regarding the practice of relationship marketing to priority customers at Bank BRI Purwokerto:

Table 1. Relationship marketing aspect

No.	Relationship Marketing	Description
1	<i>Financial Bonds</i>	This means that the company's efforts for customers are mainly through financial incentives, lowering prices on large purchases or providing price reductions to long-standing customers with the company, the number and frequency of gifts, sales in one package and stable pricing
2	<i>Social Bonds</i>	Is an attempt by marketers to build long-term relationships through interpersonal and social relationships as well as financial ties. Whether the customer is seen as an unknown "client", to an individual whose needs are known and the company seeks to know and understand it through ongoing relationships, personal relationships, social bonds between customers

3	<i>Customization Bonds</i>	involves more and more social and financial incentives, although there are often elements of financial ties and social ties in Customization Bonds, through the proximity of the Customer, the ease of requesting or ordering large quantities and the expectation of something new.
4	<i>Structural Bonds</i>	it can be interpreted that the company seeks to create and provide services to customers, so that customers become parties within the company's management structure, which will later participate in the company's decision making through participation in the process and completeness, joint investment and an integrated information system.
5	<i>Technology based Relationship</i>	namely a mechanism for building customer relationships through information technology and efficient business processes. Included in this category is the use of technology to build customer care applications, sales automation, billing, business intelligent, etc.
6	<i>Brand-based Relationship</i>	namely the mechanism of building customer relationships through the use of the branding concept through the implementation of corporate identity and/or product branding. Included in this category are approaches through promotional and advertising programs, sponsorship, product deployment through a certain event, etc.
7	<i>Human based Relationship</i>	namely the mechanism for building customer relationships through optimizing HR capabilities (human relationship skills). Included in this category is through the front liner approach, public relations, spoke person and opinion leader

(Zeithaml and Bitner., 2003; Winarni, T., 2004)

4.1 Comparison between before and during the pandemic covid-19

Changes in government conditions and policies that occurred during the pandemic made all aspects of business in Indonesia adapt to all its innovations. The limitation of meetings has made Bank BRI begin to fix the technology aspect to provide convenience and security for priority customers. Giving more attention to employees and customers makes the trust of customers a priority to be maintained.

Along with the pandemic period, the issue of customer trust is affected by cases of problems with large companies that harm customers. In this case, the researcher pays attention to the good reputation that has been built by Bank BRI so that the trust of priority customers is getting higher, coupled with relationship practices that are always improved over time. Employees are not aware of this, but in fact most of the relationship marketing practices have been implemented so that it can be seen from the data from 2018 to 2022, there has been an increase in funds from third parties.

Table 2. Amount of priority customer funds (2018-2022)

No.	Period	Amount (Billion Rp.)
1	2018	890,227
2	2019	721,277
3	2020	842,399

4	2021	885,038
5	2022	876,057 (ongoing)

5. Discussion

5.1 Pandemic condition in banking industry

During the pandemic, the impact can be felt not only in the health sector, but also in the economic sector, including the banking sector in Indonesia (Sullivan & Widoatmodjo, 2021). Company management failures such as the Jiwasraya case, news related to several problematic banks in Indonesia, are issues that reduce customer confidence in the banking industry (Anonymous a, 2021; Anonymous b, 2020). This has become the public's anxiety, which is understandable to be more careful and selective in choosing a bank to store funds and investments during a pandemic like this.

The development of banks in Indonesia is experiencing intense competition, both in the field of products and services, so that people have stepped back, not just saving but becoming an investor community. The increasing intensity of competition and the number of competitors require banks to offer a variety of products so that they are able to compete with other banks in providing quality services and increasing customer trust. For this reason, banks must pay attention to the wants and needs of each customer and try to meet customer expectations by providing satisfactory services related to their service products, especially the development of Digital Innovation at Bank BRI Purwokerto Branch Office.

5.2 Relationship marketing practices

Some of the theoretical foundations in "relationship marketing" use a network approach (Rao and Perry, 2002) and a service marketing approach (Gummersson, 2008). "Relationship marketing" has also been analyzed by several researchers such as Coviello and Brodie (1998) in their scientific journal "From transaction to relationship marketing: an investigation of managerial perspectives and practices". In addition, according to Zeithaml and Bitner (2003) the "Relationship marketing" strategy can be carried out in 4 stages, namely: Financial Bonds, Social Bonds, Customization Bonds, and Structural Bonds. This "relationship marketing" strategy will be adjusted for "priority" BRI Bank customers and can see how it affects the level of customer trust during the COVID-19 pandemic.

In the banking industry, customers are important assets that need to be maintained and maintaining good relationships with customers is very valuable (Ferguson et al., 2021). The definition of "relationship marketing" is "interaction in network relationships" (Gumesson, 2011). This can be interpreted as the result of the "relationship marketing" strategy is a good marketing network for the sustainability of a bank. This strategy is a reciprocal relationship that benefits various parties associated with the company (Kotler & Keller., 2014).

Innovation is something new, namely by introducing and carrying out new practices or processes (goods or services) or by adopting new patterns from other organizations (Nurdin, 2016). Innovation is understood as 'as the introduction of something new and useful in products, processes, or services' (Hernandez, 2010). Innovation is producing something new and valuable, whether in a product, process, or service. Companies that have succeeded in creating a competitive advantage are companies that are able to create innovation and creativity through an effective and planned

innovation process. To support these changes, effective strategies are needed to create new products and product development by increasing the creative abilities of employees or members in a company.

Based on the results of research conducted, relationship marketing is a supporting aspect that can increase trust in priority customers at Bank BRI Purwokerto. Although a sense of security and trust in reputation is an issue of concern for priority customers in the midst of a pandemic. The personal approach and the convenience and innovations carried out can maintain the trust of priority customers to deposit large amounts of funds. This is shown by the trend of increasing the amount of funds from year to year which increases even during the pandemic. Even though there was a significant decline at the beginning of the pandemic, this has been handled well so far. Although basically the employees do not know the practice of relationship marketing theoretically, but from the results of interviews. Most of what the RM Dana team does is a relationship marketing practice, although there are no clear standards and it tends to vary for each employee.

6. Conclusion

The practice of relationship marketing in the Indonesian banking industry is an important thing to do at this time. Unconsciously, workers in the service sector must practice relationship marketing to increase customer trust. Basically, the RM Dana team at Bank BRI Purwokerto branch has practiced relationship marketing, this is shown from the results of interviews and is directly proportional to the development of priority customer funds from year to year. It is important to make relationship marketing practices a standard in maintaining and increasing priority customer trust.

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