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THE EFFECT OF SERVICE QUALITY PERFORMANCE AND CUSTOMER ENGAGEMENT ON CUSTOMER SATISFACTION AND THE IMPACT ON CUSTOMER LOYALTY IN PRIVILEGE BANK DANAMON IN THE CITY OF BANDUNG

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ABSTRACT:
This research is shown to obtain further description of the Effect of Service Quality Performance and Customer Engagement on Customer Satisfaction and the Impact on Customer Loyalty in Privilege Bank Danamon In the City Of Bandung This quantitative method is used to describe the object of research and research variables in the form of descriptive data, while the verification method is used to examine the causality of variables in the form of Service Quality and Customer Engagement on Customer Satisfaction and its impact on Customer Loyalty. The number of samples for this study were 100 respondents and divided among Privilege customers of Bank Danamon in the City of Bandung the sampling technique in this study used a non-probability sampling technique. Namely includes accidental sampling. By using non-probability sampling, any sample is in the form of a questionnaire incidentally to Privilege Bank Danamon Bandung customers, while to test the hypothesis in this study using path analysis, namely the effect of service quality and customer engagement independent variables, intervening variables Customer Satisfaction while the dependent variable is Customer Loyalty. In this study, what will be tested is how much is the effect of service quality and customer engagement on customer satisfaction and its impact on customer loyalty. Where the results of the research by testing the research hypothesis, states: Service Quality Performance and Customer Engagement have a positive and significant effect on Customer Satisfaction and the Impact on Loyalty on Privilege Customers of Bank Danamon in the City of Bandung

INTRODUCTION

In determining the success of the company's strategy, the strength of internal and external support greatly influences the success of a company. Support from internal parties can come from resources owned by the company such as capital, equipment and technology applied as well as human resources who are the main actors in the running of a company because without reliable resources all company activities will not achieve its goals, while support from external to the company, namely in the form of customer or customer loyalty. Customer Loyalty as another concept regarding customer loyalty states that the concept of loyalty is more towards behavior compared to attitude and a loyal customer because it shows buying behavior which can be interpreted as a regular and long time buying pattern, carried out by manufacturing units or decision makers, where activities in making purchases on a regular basis, buying outside the product / service line, recommending other products, showing immunity from the attraction of similar products from competitors (Griffin, 2010).Based on the above, the company, in this case the bank, as a service business service, must provide good quality service, in order to create Customer Satisfaction. Bank Danamon's Bank Privilege effort in creating customer satisfaction and creating customer loyalty is by improving the performance of service quality (Zeithaml, 2011).

Banks that can provide good service quality to their customers and gain a high level of trust from the public are expected to be able build customer loyalty. The significance of customer loyalty is closely related to the continuity of the company and to the strong growth of the company in the future. Previous studies on factors affecting customer loyalty usually focus on customer satisfaction and moving barriers (Lupiyoadi, 2006). Privilege services are a form of service provided for customers with balances of> 50 million, where this customer segment is a very important customer for the company and is a special concern for Bank Danamon to survive amid increasingly tight banking competition. Therefore, it is very important in binding Privilege customers as part of the Company's strategy. Privilege services are a form of service provided for customers with balances of> 50 million, where this customer segment is a very important customer for the company and is a special concern for Bank Danamon to survive amid increasingly tight banking competition. Therefore, it is very important in binding Privilege customers as part of the Company's strategy.

LITERATURE REVIEW
Service Quality

Karl Albrecht, an entrepreneur from Germany, came up with a theory that explores "The Hierarchy of Customer Value" which consists of four levels, namely Basic, Expected, Desire, and Unanticipated. In order to become the customer's choice, the bank should be in desire level.

• ***Customer Engagement*** is the level of customer involvement physically, cognitively, and emotionally in relation to the services provided, states that Customer Engagement can be a tool for creating, building and creating Customer Relationships, which is a strategy that must be done to improve and maintain performance. business in the future in an aura of intense competition (Broodie, 2011).

• ***Customer Satisfaction.*** is the feeling of pleasure or disappointment of someone who arises after comparing the perceived performance of the product against the expected performance (or result) with the dimensions: Satisfied with the quality of service, the quality of service that is better than expected, the choice of services provided is able to satisfy consumers (Kotler, 2016).

• ***Loyalty is*** defined as an attitude aimed at the consumer towards the provision of a product or service. A consumer will show a loyal attitude if a company gives satisfaction to its customers. A loyal customer is a customer who always buys back from the same provider or service provider and chooses a positive attitude towards that service provider in the future (Jill Griffin, 2010).

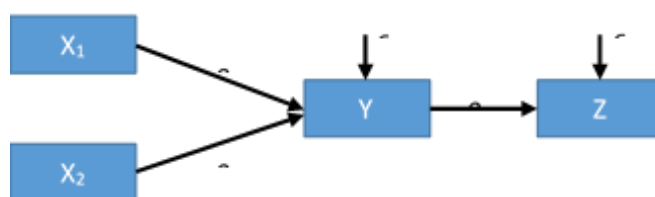• ***Framework and Hypothesis***

Fig. 1. Path Analysis of Influence Between Research Variables

Hypothesis
H1: Service Quality and Customer Engagement on Customer Satisfaction have a positive effect both partially and simultaneously
H2: Service Quality and Customer Engagement on Customer Loyalty have a positive effect both partially and simultaneously
H3: Customer satisfaction has a positive effect on customer loyalty
H4: Service Quality, Customer Engagement on Customer Satisfaction and its Effect on Customer Loyalty has a positive effect simultaneously

RESEARCH METHODOLOGY
Use of this quantitative method to describe the object of research and research variables in the form of descriptive data, while the verification method is used to examine the causality of variables in the form of Service Quality and Customer Engagement on Satisfaction Customers and their impact on Customer Loyalty, a sample of 100, this study uses a sampling technique non-probability. which includes accidental sampling. Hypothesis testing with Path Analysis.

Research Finding and Argument

Hypothesis 1: Performance by the Service Quality Customer   Engagement Customer Satisfaction to influence either partially or simultaneously on Customer Satisfaction
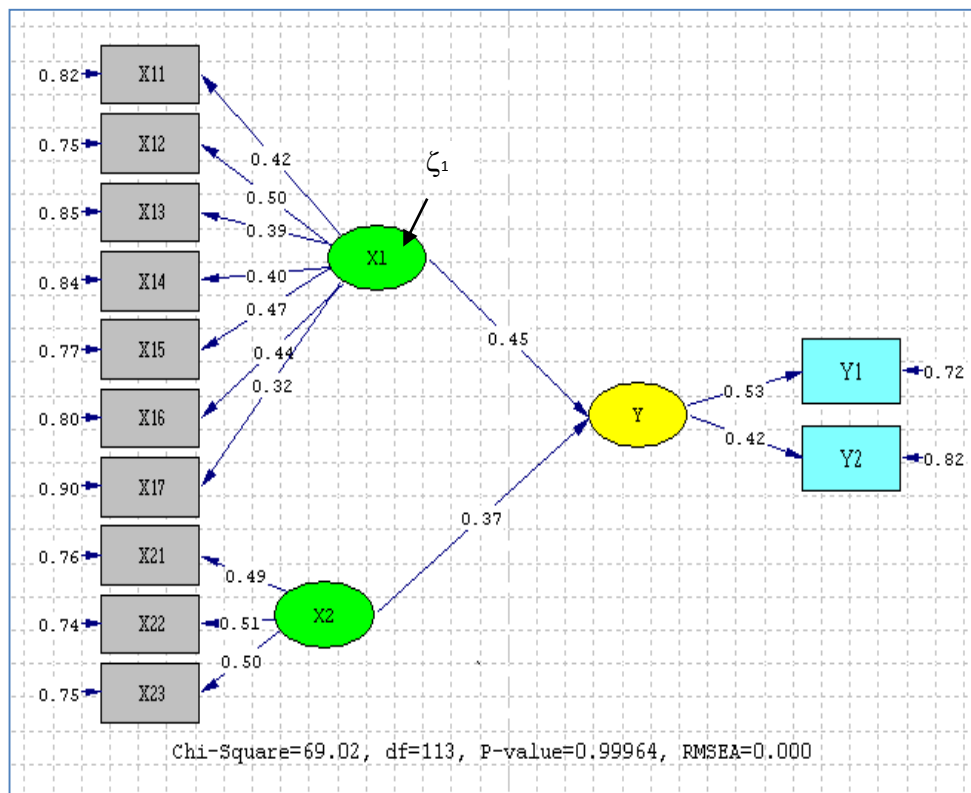

Fig. 2. Diagram Line Service Quality Performance and Customer Engagement against Customer Satisfaction Structural Model

Table. 2. Estimated parameters Quality of Service and Customer Engagement Satisfaction

Variable	Estimated Parameter (γ)	t-test	R^2
Service Quality	0,45	2,73	0,48
Customer Engagement	0,37	2,22	

Source: Results of Processing with LISREL 8.0

From the table above it is known that Service Quality has a path coefficient (γ) of 0.45 while Customer Engagement has a path coefficient of 0.37 on Customer Satisfaction. The coefficient of determination R2 of 0.48 shows the contribution of changes in the variables caused by the Customer Satisfaction Service Quality and Customer Engagement by 48% while the remaining 52% are influenced by other factors, namely marketing communications, business environment, segmenting, targeting and positioning, consumer behavior.

Table 3. Contributions Quality of Service and Customer Engagement Customer Satisfaction

Variable	%

Service Quality	27.32
Customer Engagement	20.69
Total	48.01

Source: Data Processing Results, 2019

Data in the table shows the contribution of Service Quality and variables *Customer Engagement* to Customer Satisfaction has a higher contribution of 27.32% compared to *Customer Engagement* which has a contribution of 20.69%.

Hypothesis 2: Service Quality Performance and Customer Engagement have an effect both partially and simultaneously on Customer Loyalty
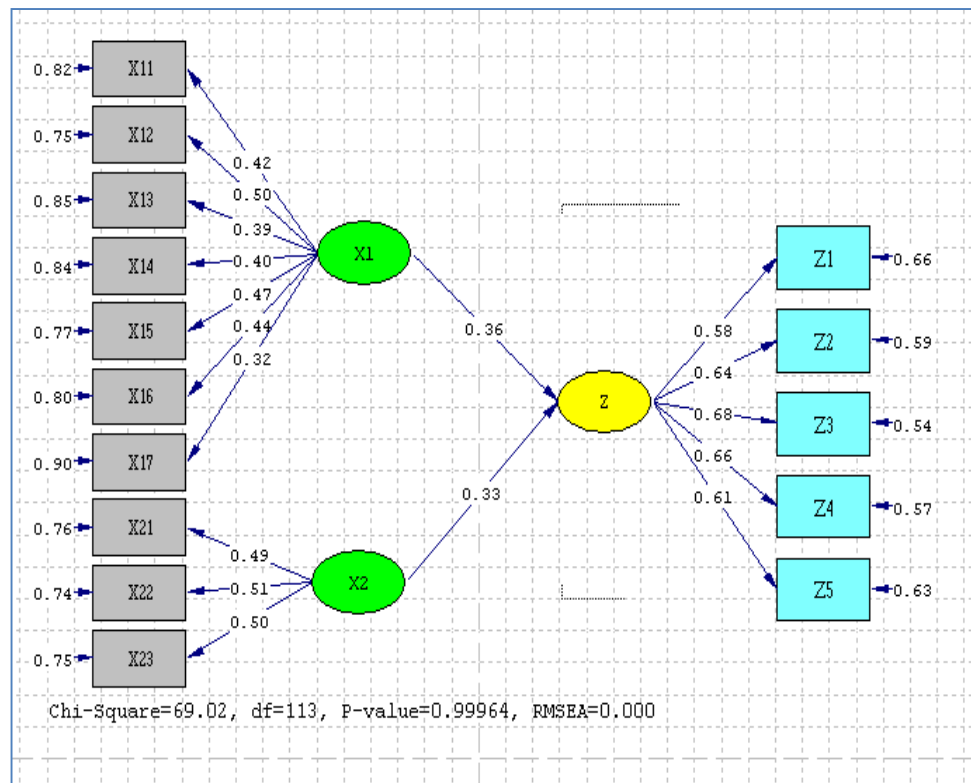

Figure 3. Path Diagram of Service Quality and Customer Engagement has an effect both partially and simultaneously on Customer Loyalty

Table 4. Estimated Parameters of Service Quality and Customer Engagement have an effect both partially and simultaneously on Customer Loyalty

Variable	Estimated Parameter (γ)	t-test	R^2
Service Quality	*0,36*	*2,99*	*0,33*
Customer Engagement	*0,33*	*2,66*	

Source: Data Processing Results, 2019

Based on the table above, it is known that Service Quality has a path coefficient (γ) of 0.36 while Customer Engagement has a path coefficient of

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0.33 on Customer Loyalty. The coefficient of determination R2 of 0.33 shows the contribution of changes in the variables caused by the Customer Loyalty Service Quality and Customer Engagement by 33%, while the remaining 67% are influenced by other factors, namely marketing communications, consumer behavior, business environment, segmenting, targeting and positioning.

Table 5. Contributions Service Quality and Customer Engagement Loyalty

Variable	%
Service Quality	17.65
Customer Engagement	15.58
Total	33.24

Source: Data Processing Results, 2019

Data in the table shows the contribution of service quality to customer loyalty has a higher contribution in the amount of 17.65% compared to with *Customer Engagement* which has a contribution of 15.58%.

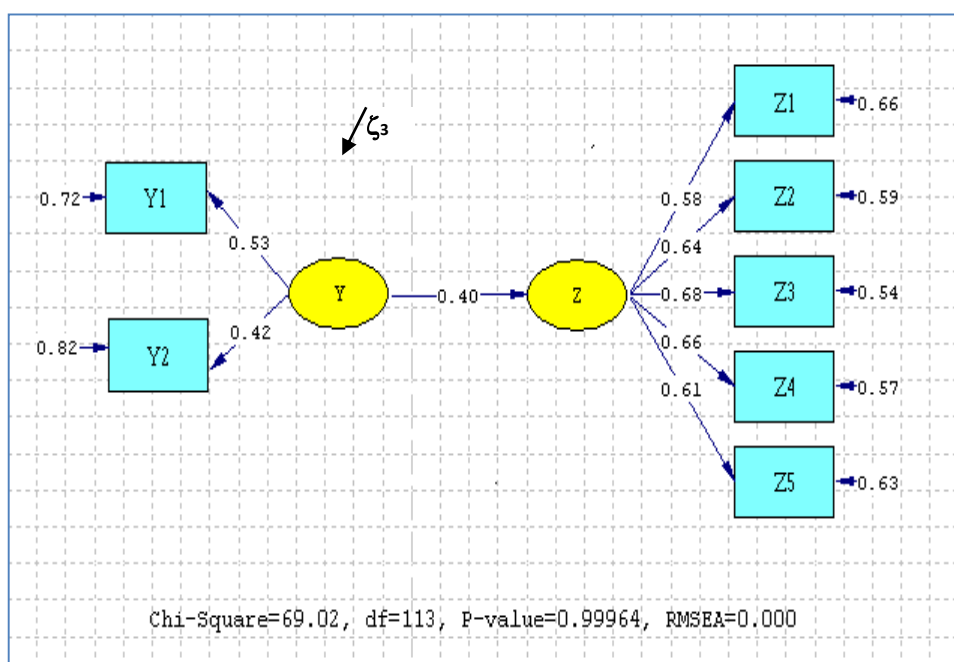*Hypothesis 3:* Satisfaction effect on Customer Loyalty

Figure 4. Path Diagram of Satisfaction with Structural Model Loyalty

Table 6. Parameters Estimated Satisfaction to Loyalty

variable	Estimated parameter (γ)	t-test	R^2
Satisfaction	0,40	1,97	0,16

Source: Results of Processing with LISREL 8.0

The above shows a significant relationship between Satisfaction and Loyalty of 0.04. The t-test value for each path coefficient, by comparing the t test value in the path diagram above with the t-table value (α= 0.05) of 1.96, the conclusion is that the effect of satisfaction on loyalty is significant.

Hypothesis 4: The Influence of Service Quality and Customer Engagement on Customer   Satisfaction and the Impact on Customer loyalty
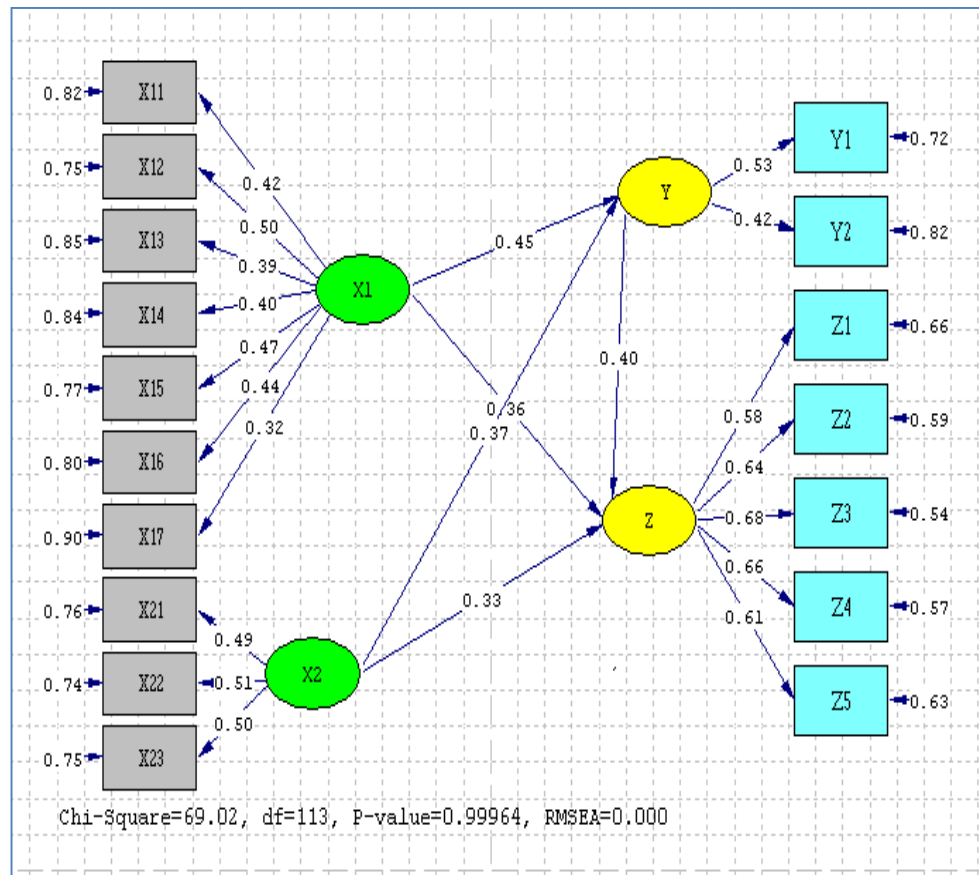

Figure 6. Results of Testing Research Model

Data processing using LISREL 8 obtained results for testing the above model as follows.

Figure 5. Testing Model

Model Testing	Value
Df or Free degrees	113
Normal Chi Square	69,02
p-value	0,999
Root Mean Square Error of Approximation (RMSEA)	0,00
Goodness of Fit Index (GFI)	0,98
Adjusted Goodness of Fit Index (AGFI)	0,97

Source: Results of Processing with LISREL 8.0

Based on The table above shows that the Chi-Square value is 69.02 with 113 degrees of freedom and a p-value of 0.99, these results suggest that the theoretical and conceptual models in the path diagram and supported by empirical data can be accepted at the 5% significance level. The descriptive

test shows that the GFI value is 0.98 and the AGFI value is 0.97 close to one, as well as the RMSEA value = 0.00 <0.05 so that the overall research model can be accepted. This means that the model developed in the research paradigm is in accordance with the empirical conditions of service quality and *customer engagement* on customer satisfaction and its impact on customer loyalty.

CONCLUSION

The t-test value for each path coefficient, by comparing the t test value in the path diagram above with a t table value (α= 0.05) of 1.96, it can be concluded that the effect of Service Quality and *Customer Engagement on* Customer Satisfaction is significant.

The t-test value for each path coefficient, by comparing the t test value in the path diagram above with the t-table value (α= 0.05) of 1.96, it can be said that the effect of Service Quality and *Customer Engagement* on Customer Loyalty is significant. to Loyalty of 0.04.

The t-test value for each path coefficient, by comparing the t test value in the path diagram above with the t table value (α= 0.05) of 1.96, the conclusion is obtained that the effect of satisfaction on loyalty is significant

The descriptive result shows that the GFI value is 0.98 and the AGFI value is 0.97 close to one, as well as the RMSEA value = 0.00 <0.05 so that the overall research model can be accepted. This means that the model developed in the research paradigm has been in accordance with the empirical conditions of service quality and *customer engagement* on customer satisfaction and its impact on customer loyalty.

SUGGESTIONS

In increasing the Quality of Banking Services for customers of necessary to *Privilege* Bank Danamon Bandung, it is make improvements: Marketing strategy is a The managerial process, which contains unique concepts and planning and organizing, aims to communicate products to the public, namely customers and establish relationships with customers, this is to achieve company goals, namely improving service quality and creating customer satisfaction and its impact on customer loyalty.

In the dimension *Tangible:* by improving the facilities and infrastructure in a special room, the layout at home becomes more comfortable and attractive, to create a guarantee of customer trust, employees must conduct re-training about, Services, CRM, Product Knowledge, regularly. Employees of *Privileged* Bank Danamon Bandung must provide the right service as promised. This way, every Banking Officer must do roll play regularly, on the application of Standard Operational Procedure.

To increase the response of officials quickly in responding to customer needs, training must be carried out on the basic theory of consumer behavior. To get to know more about the profile of *privileged* Bank Danamon Bandung, Greeating must be done and have customer profile data. And must know your customer correctly.

In increasing the *Passion of the* customers *privileged* at Bank Danamon, what Bank Danamon must do is: By treating the Customer beyond expectations and

the services provided by Other Banks, by treating customers as special customers.

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