THE EFFECT OF SERVICE QUALITY AND PRODUCT INNOVATION TOWARD COMPETITIVE ADVANTAGE AND IMPLICATIONS ON INTEREST IN REFERENCE CUSTOMERS “BRI” BANK IN BENGKULU PROVINCE

(CASE STUDY IN “BRI” BANK BANDAR BINTUHAN BRANCH)

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Abstract—As one of the banking institutions in Indonesia which is one of the largest state-owned banks in Indonesia, BRI Bank has various service strategies that are intended for benefit of its customers. Especially the BRI Bank Bandar Bintuhan Branch in Bengkulu Province which is located at Jln. Merdeka Bintuhan South Bengkulu, Bengkulu Province, 38963 course also puts forward strategy for service of its customers, most of who come from Bengkulu Province. The specific objective of this research is to know and analyze the influence of service quality on competitive advantage, product innovation, and competitiveness at the BRI Bank Bandar Bintuhan Unit, Branch in Bengkulu Province. This research is a quantitative research that uses data collection methods with questionnaires. Through this method, the researcher able to get input directly from the customer of BRI Bank regarding the policies whether company strategy for service quality was already good or still need to be improved. Based on the data concluded, the customer of BRI Bank Bandar Bintuhan Branch positively considers the policies that have been made, the only difference is insignificance or not the policy itself. For example, service quality, product innovation, and competitive advantage are considered positive and significant customers, while the interest in reference remains positive but not significant.

Keywords—service quality, product innovation, competitive advantage, interest in reference

I. INTRODUCTION

Competitive advantage is the result of implementing a strategy that utilizes various resources owned by the company (Bharadwaj et al., In Dewi, 2006). Competitive advantage is a concept that can be seen from the accuracy of the company in providing products in the market and response to consumer complaints such as product quality, consumer needs, new market entrepreneurs and continuous product innovation (Aditya, 2004).

At this currently service is not an easy activity, companies are faced with competition not only to make consumers interested, but also to make consumers become loyal and increase company profits. The achievement of company is had a key strategy to enhance image in the eyes of consumers. Therefore, companies must maintain their strategy regarding interest in reference.

Interest in reference is needed as an element in competitive marketing strategy. Interest is described as
person's situation before taking action that can be used as basis for predicte the behavior or action. Interest in reference, according to Ferdinand (2006), is the tendency of someone to refer products to others. The interest in reference consumers to products is an important construct in process of consumer adoption.

II. LITERATURE REVIEW

A. Basis Theory

1) Interest in reference
The interest in reference is important where companies view that competitive advantage is achieved if companies in serving customers can provide superior values. These superior values are able to be realized because companies get and can manage their interest in reference them as a source for establishment of these values (Wangenheim & Bayon, 2004).

2) Competitive Advantage
According to Ehmke (2008), a competitive advantage is an advantage gained over competitors by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar or possibly higher prices.

3) Product Innovation
Innovation is an intentional introduction and application in work of individuals, work teams or organizations in company regarding new ideas, processes, products or procedures in work of individuals, work teams or organizations, which are designed to develop and benefit work, work teams and the organization (West, 2008).

4) Quality of Service
The understanding of service according to Sinambela (2008) is every activity that is profitable in collection or unit, and offers satisfaction even though the results are not physically bound to a product.

While Lovelock (2010) says, services are actions or performance offered by party to other parties. Although the process may be related to physical products, its performance is basically unreal and does not usually result in ownership of the factors of production.

III. RESEARCH FRAMEWORK

Based on formulation from the problem, purpose of research, and previous research, the research framework in this study can be illustrated as below:

![Research Framework]

A. Hypothesis

Based on the description of research framework above, the hypothesis in this study are:

H₁: Quality of service has a significant effect on competitive advantage at Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province.
H₂: Innovation product has a significant effect on competitive advantage at Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province.
H₃: Competitive advantage has a significant effect on interest in reference customers at Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province.

IV. RESEARCH METHOD

A. Type of Research
This type of research is a quantitative research using survey method (Arikunto, 2013). The survey method which is observation and investigation critically to get the right information about problem and certain objects in area of a community group or a particular location that will be reviewed (Ruslan, 2004).

B. Sampling Technique
The method that researcher used in this study was purposive sampling technique. Purposive sampling is a sampling method where samples are taken based on certain criteria, which is only customers of Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province (Rahayu, 2005).

In this study, samples were taken is several customers of Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province. The numbers of samples in this study are at least 100 customers of Bank BRI Bandar Bintuhan Branch Manna in Bengkulu Province.

C. Data Analysis Method

1) Analysis Characteristics of Respondents
Analysis of characteristics of respondents in this study is an analysis that describes the demographics of respondents which include: gender, age, education, income, and length being a customer.

2) Analysis Frequency of Variable Descriptions
Descriptive analysis in this study is a variable description analysis research that describe the answers in form of frequency (Very Low, Low, Medium, High, Very High) and or mean value of respondents on the questionnaire given to each service quality variable,
product innovation, competitive advantage, and interest in reference.

V. RESULT OF DATA ANALYSIS AND DISCUSSION

A. Bank Profile

The bank where the questionnaire was distributed is PT BANK RAKYAT INDONESIA (PERSERO) Tbk, precisely at Bank BRI Bandar Bintuhan Branch Manna. BRI Bandar Bintuhan Unit is branches of Bank BRI Branch Manna. The location of Bank BRI is located in Jakarta Merdeka Bintuhan Bengkulu Selatan, Bengkulu Province, 38963.

B. Analysis Descriptive of Respondents

1) Identification of Respondents Based on Education

Based on identification according to education, it will be seen the number of distribution education of customers at Bank BRI Bandar Bintuhan Branch Manna, whose results can be seen in the following table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Education</th>
<th>Number Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Junior High School</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>2.</td>
<td>Senior High School</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>3.</td>
<td>Diploma</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>4.</td>
<td>Bachelor</td>
<td>24</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary data processed, 2019)

2) Identification of Respondents Based on Salary

Based on identification according to salary, it will be seen the amount of salary distribution of customers at Bank BRI Bandar Bintuhan Branch Manna, where the results can be seen in the following table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Salary Range (Rp.)</th>
<th>Number Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0 – 1,500,000</td>
<td>24</td>
<td>48%</td>
</tr>
<tr>
<td>2.</td>
<td>1,500,001 – 3,000,000</td>
<td>18</td>
<td>36%</td>
</tr>
<tr>
<td>3.</td>
<td>3,000,001 – 5,000,000</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary data processed, 2019)

3) Identification Respondents Based on Length of Being Customer

Based on identification according to the length of time it will be seen the number of length distributions being customers at Bank BRI Bandar Bintuhan Branch Manna, whose results can be seen in the following table:

<table>
<thead>
<tr>
<th>No.</th>
<th>Length of Being Customer (Year)</th>
<th>Number Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1-3</td>
<td>19</td>
<td>38%</td>
</tr>
<tr>
<td>2.</td>
<td>4-6</td>
<td>26</td>
<td>52%</td>
</tr>
<tr>
<td>3.</td>
<td>7-9</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Primary data processed, 2019)

C. Analysis Descriptive of Respondents

Analysis descriptive is used to determine the answer score of each question for each variable studied. To describe the answer variable can be indicated by the variable average value. The average value obtained later can be used to see respondents' perceptions regarding elements of research variable, such as Service Quality, Product Innovation, Competitive Advantage, and Interest in Reference. By referring to minimum value and maximum value, the assessment interval can be determined as follows:

Minimum score $= 1$

Maximum score $= 5$

Interval $= \frac{\text{Maximum score} - \text{Minimum score}}{\text{Total}} = \frac{5 - 1}{5} = 0.8$

Score statement items are known through index analysis using the following interval values:

<table>
<thead>
<tr>
<th>No.</th>
<th>Interval</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.00 – 1.8</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>2</td>
<td>1.81 - 2.61</td>
<td>Disagree</td>
</tr>
<tr>
<td>3</td>
<td>2.62 - 3.42</td>
<td>Simply Agree</td>
</tr>
<tr>
<td>4</td>
<td>3.43 - 4.22</td>
<td>Agree</td>
</tr>
<tr>
<td>5</td>
<td>4.23 - 5.00</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

1) Assessment of Service Quality (X1)

The results of the respondent's answers to the following Service Quality (X1) variables are explained for.

<table>
<thead>
<tr>
<th>No.</th>
<th>Element</th>
<th>Mean</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Quality</td>
<td>4.47</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

Based on table 4, 5 it can be concluded that the respondents' perceptions of Service Quality variable (X1) from five points of Service Quality variable statement (X1) are Reliability, Responsiveness, Assurance, Empathy, and Tangible (Tangibles) is 4.47. This shows that respondents have a very agreeing perception for Service Quality (X1).
2) **Assessment of Product Innovation (X2)**

The results of respondent's answers to the following Product Innovation (X2) variables are explained for.

**TABLE 6. RESULTS OF PRODUCT INNOVATION VARIABLE ANALYSIS (X2)**

<table>
<thead>
<tr>
<th>No</th>
<th>Element</th>
<th>Mean</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product Innovation</td>
<td>4.27</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

Based on table 4.5, it can be concluded that respondents' perceptions of Product Innovation variable (X2) are 4.27. This shows that respondents have a very agreeing perception of Service Quality (X1).

3) **Assessment of Competitive Advantages (X3)**

The results of respondent's answers to following Competitive Advantages (X3) variables are explained for.

**TABLE 7. ANALYSIS RESULTS OF COMPETITIVE ADVANTAGES VARIABLES (X3)**

<table>
<thead>
<tr>
<th>No</th>
<th>Element</th>
<th>Mean</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Competitive Advantage</td>
<td>4.22</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Based on table 4.5 it can be concluded that perceptions of respondents to variable Competitive Advantage (X3) item is 4.22. This shows respondents have a perception that agrees to Competitive Advantages (X3).

4) **Assessment of Interests in Reference (X4)**

The results of respondent's answers to Interests Reference (X4) following variables are explained for.

**TABLE 8. RESULTS VARIABLE ANALYSIS OF INTEREST IN REFERENCE (X4)**

<table>
<thead>
<tr>
<th>No</th>
<th>Element</th>
<th>Mean</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Interests in Reference</td>
<td>4.32</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

Based on table 4.5 it can be concluded that perceptions of respondents to variable Competitive Advantage (X3) item is 4.32. This shows respondents have a perception that strongly agrees to Competitive Advantages (X3).

VI. CONCLUSION

Based on the results of research as described in previous chapter, some conclusions can be drawn, those are:

1. Service Quality has a positive and significant effect (4.47) on service to customers at Bank BRI Bandar Bintuhan Branch Manna
2. Product Innovation has a positive and significant effect (4.27) on innovation in customers at Bank BRI Bandar Bintuhan Branch Manna
3. Competitive Advantage has a positive and significant effect (4.22) on competition for customers at Bank BRI Bandar Bintuhan Branch Manna
4. Interest in Reference has a positive and insignificant effect (4.32) on competition for customers at Bank BRI Bandar Bintuhan Branch Manna

REFERENCES


