



The Role of Relationship Marketing, and Satisfaction as Variable Mediation: Study at Bank BPR UMKM East Java in Surabaya

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ABSTRACT

This paper discusses the causal relationship between relationship marketing, service quality, customer satisfaction, and customer loyalty of Bank BPR UMKM East Java in Surabaya. One model is proposed to examine the role of relationship marketing, and satisfaction as a mediation variable on indirect relationship of service quality, relationship marketing and loyalty. The population in this research is the customer of BPR Bank of UMKM East Java in Surabaya. From the test results in the model in this study, with maximum likelihood estimation, structural equation model analysis, convenience sampling method and software Amos 22, on 160 respondents. The results showed that the research model was accepted with determinant coefficient (R^2) of 90.7%. Research also shows that service quality influences relationship marketing, and customer satisfaction. Service quality has no significant effect on customer loyalty. Relationship marketing affects customer satisfaction and customer loyalty. Customer satisfaction affects customer loyalty. Customer satisfaction is a positive mediation variable on the relationship of service quality with loyalty. Relationship marketing is a positive mediation variable on the relationship of service quality with loyalty. Customer satisfaction is also a positive mediation variable on marketing relationships with customer loyalty.

Keywords: Service Quality, Relationship Marketing, Customer Satisfaction, Customer Loyalty, Bank BPR UMKM East Java

JEL Classifications: L8, M31

1. INTRODUCTION

In the increasingly fierce competition, it takes great effort to maintain and increase customer loyalty. One of the efforts is to pamper customers with various forms of service quality, by further optimizing the products and services attributes of services offered. This is done as a form of orientation, so that the customer is still at home and always use the services of the bank. If a long-term partnership relationship with customers can occur continuously, it is also expected to occur repeat business. Too et al. (2001) mentions that customer loyalty is becoming increasingly important to the success of business organizations, with the growing awareness that attracting new customers is far more expensive than maintaining existing ones. It is therefore recommended that to improve customer retention is through a secure relationship between buyers and sellers.

Various efforts have been made by Bank BPR UMKM East Java to improve services to its customers, among others by adding service

network by opening new branches and promotional activities to get closer to its customers. However, such efforts are perceived as lacking optimal results. In the increasingly tight inter-bank competition condition, the alternative effort that can be done is through fostering good relationships with customers. By fostering good relationships it is expected that these customers become more loyal and bring new customers. It is necessary to understand the variables that can determine both the bad relationship between service providers and customers that led to the formation of customer loyalty.

Some studies say, customer satisfaction was born because of the quality of good banking services. Good service quality can be seen from six dimensions of service quality that is: Reliability, responsiveness, assurance, empathy, tangible, and compliance (Parasuraman et al., 1998; Othman and Owen, 2002). These six dimensions of service quality will at least provide customer satisfaction when the Bank always serves above customer expectations. Six dimensions of this service should be a standard

service by BPR Bank UMKM East Java. Each Bank has different marketing strategies with other Banks, such as improving the quality of services and services, expanding and developing the types of banking services in order to provide a variety of options for customers packaged in Bank product attributes, made as attractive as possible for customers interested in storing, and borrowed funds especially at Bank BPR UMKM East Java. The results of Jiang et al. (2015) show that all dimensions of service quality have a positive and significant impact on customer perceived value, which, in turn, increases customer loyalty. Oh (1999); Kim et al. (2004) also found a positive relationship of service quality, customer value, and customer satisfaction. While Almohaimmed (2017); Jamal and Naser (2002); Panjaitan (2017), shows there is a strong relationship between service quality and customer satisfaction.

Gustiet al. (2015), said that relationship marketing is very strategic for banking institutions in forming a better position in the market. Gusti et al. (2015), also states that in order to succeed in competing, the Bank must offer unique services and products different from competitors. Considering the very complex and unpredictable behavior of the customer, a fundamental approach can be undertaken by the Bank by instilling trust and building commitment to its customers. In line with Feliks opinion (2013) states that loyalty is the goal of relationship marketing. To maintain that loyalty the company can not only rely on customer satisfaction, but more than that trust and commitment are key to building loyalty. Roman et al. (2005), states that the ethical behavior of a salesperson leads to higher customer satisfaction, trust, and loyalty to the salesperson's bank. The results of Omar and Mohd (2010), showed that customers tend to be loyal because of the relationship marketing between companies and customers. According to Schiffman and Kanuk (2010); Gronroos (2006) implementation of relationship marketing can be measured from the behavior of consumers to the company, the consumer will repeat purchase, loyalty to the company (increase loyalty), goodwill, talk about positive things company to other people (positive word of mouth) and lower costs for the firm.

In business banking approach to the consumer is a determinant of success in creating customer satisfaction and loyalty. Based on the above thought, the attitude that is individual response whether loyal or not loyal to Bank BPR UMKM East Java is very important to be studied. From several previous studies that have been discussed there are differences in findings impact implemetasi relationship marketing strategy and Service quality to satisfaction and loyalty. Therefore, this research is done to get a better understanding of customer satisfaction and loyalty and to measure the extent to which service quality and relationship marketing strategy affect customer satisfaction and loyalty, especially at BPR Bank UMKM East Java in Surabaya. In this research will also be tested the role of relationship marketing and satisfaction as a mediation variable on the relationship of service quality with customer loyalty.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Service Quality

Service quality is a statement of attitude, the relationship resulting from the comparison between expectations with performance

(outcome). Another definition of service quality is the measure of the extent to which a given service can meet customer expectations (Lupiyoadi, 2009). Service quality is the effort to meet the needs and desires of the customer and the accuracy of delivery to compensate for customer expectations (Cronin and Taylor, 1994).

From the above statement can be concluded that the service quality is all forms of activities undertaken by the company to meet customer expectations. One approach to service quality that is widely used as a reference in marketing research is the SERVQUAL model. SERVQUAL is built on the comparison of two main factors, namely customer perceptions of the real service they receive with the actual service expected (Parasuraman et al., 1998). In this study, the quality of bank services is measured using 6 indicators, namely: Compliance, assurance, reliability, tangible, empathy, and responsiveness (Othman and Owen, 2002).

2.2. Relationship Marketing

Relationship marketing is a way of customer marketing that enhances the company's long-term growth and maximum customer satisfaction. Relationship marketing formulated by Stanton (2003), is to understand customer expectations, build partnership services, integrated quality management, empower employees, and the results of marketing relationships that include customer satisfaction, customer loyalty product quality, increased profitability. Tandri (2011); Christiara (2015) proves the influence of relationship marketing with service quality. While Mirnalia et al. (2013); Nita et al. (2016) proves the influence of relationship marketing with customer satisfaction. Relationship marketing is measured by three programs: Sustainable marketing, individual marketing and cooperation programs.

2.3. Customer Satisfaction

Customer satisfaction is the customer response to the evaluation of nonconformities that are felt after its use (Tse and Wilson, 1988). According to Engel et al. (2005) customer satisfaction as a full-time evaluation where the selected alternatives at least equal or exceed customer expectations, while dissatisfaction arises when the results do not meet customer expectations. While Kotler (2008) states that customer satisfaction is the level of a person's feelings which is the result of comparison between performance appraisal in relation to customer expectations.

Satisfied customers of the company's services will have a positive impact on the company (Chan et al., 2006), even customer satisfaction is an indicator to assess the company's success (Rahman, 2004). Many researchers agree that service quality can be measured by customer satisfaction (Robledo, 2001; Tsoukatos and Rand, 2006). Stephen et al. (2007), shows that customer satisfaction affects customer loyalty. In this research, customer satisfaction is measured by using three indicators, namely: Attitude of choosing the product even though transaction cost is up, recommendation to others, and attitude of product choosing although emerge other competitor.

2.4. Customer Loyalty

Pedersen and Nysveen (2004) mention that loyalty as a non-random purchase over time on a brand among many brands made

by consumers. Oliver (2001) mentions that loyalty as a deep commitment to repeat buying consistently in the future. From the statement it can be understood that loyalty is a behavioral response in the form of selection of a bank from a set of existing banks and expressed in a long time. Further Oliver (2001); Pedersen and Nysveen (2004) explain that loyalty develops in four stages known as “The Four Stage Model of Loyalty Strength” which includes cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. This model provides an illustration that consumers become loyal to the cognitive aspects first, then on the affective aspects, and finally on the connective aspects where further with the accompanied by a strong motivation and commitment is the loyalty Konatif this will lead to loyal behavior. In addition, it can be seen that loyalty includes two important components of loyalty as behavior and loyalty as an attitude. The combination of the two will result in four possible loyalty situations.

2.5. Research Framework

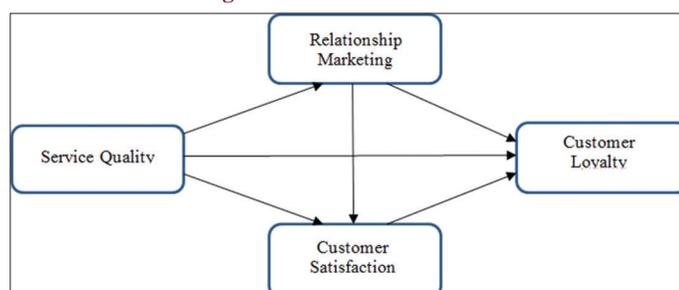
Based on the literature review and discussion that has been described previously, then can be developed a research framework that explains the relationship between research variables. Figure 1 illustrates the relationship of service quality, customer relationship marketing, and customer satisfaction to customer loyalty of Bank BPR UMKM in Surabaya.

2.6. Research Hypothesis

Customer preferential treatment is the most effective relationship marketing tactic to enhance customer gratitude, followed by interpersonal communication and tangible rewards. Thus the company’s good service will be responded positip consumer with the incidence of two-way communication (Feliks, 2013). Some studies say, that customer satisfaction is born because of the quality of good service. The results of Jamal and Naser (2002); Oh (1999); Kim et al. (2004); Almohaimmeed (2017) shows a strong relationship between service quality and customer satisfaction. Superior service quality will affect customer satisfaction (Panjaitan, 2017; Babin et al., 2005; Hisam et al., 2016). High customer satisfaction will provide a high profit for the company (Chan et al., 2006; Bloemer et al., 1998; Beerli et al., 2008) which will further enhance the company’s profits. Maymand et al. (2017) proves the influence of service quality on loyalty. Based on the description, the hypothesis is expressed as follows:

- H1: Service quality positively affects relationship marketing
 H2: Service quality positively affects satisfaction
 H3: Service quality positively affects loyalty.

Figure 1: Research framework



Too et al. (2001) states that to attract new customers is much more expensive than maintaining existing ones. Therefore, to improve customer retention is done through a secure relationship. One way that can be done is with relationship marketing that seeks to get to know each customer more closely, create two-way communication with consumers, and manage mutually beneficial relationships between customers and consumers. The result of Hatane (2012) shows that relationship marketing has a positive effect on customer trust and loyalty, while Mia et al. (2016); Triyani et al. (2015), proves the positive influence of relationship marketing on repeat purchase. Panjaitan and Djunaedi (2017), proves the positive influence of relationship marketing on customer satisfaction. Research Afan et al. (2014); Yanita (2014), proves the positive influence of relationship marketing on customer loyalty. Based on the description, the hypothesis is expressed as follows:

- H4: Relationship marketing has a positive effect on satisfaction
 H5: Relationship marketing positively affects loyalty.

Aksoy (2013); Eid (2013) shows the positive effect of customer satisfaction on loyalty. Bowen and McCain (2015), found that customer satisfaction and loyalty relationships are non-linear. Caruana and Fenech (2005), found an influence of satisfaction and perceived value of loyalty. Based on the description, the hypothesis is expressed as follows:

- H6: Satisfaction has a positive effect on loyalty.

Research Afan et al. (2014); Yanita (2014), proves the positive influence of relationship marketing on customer loyalty. To create customer loyalty requires a good relationship, and a good relationship can be created if the customer is satisfied with the services provided. Customer satisfaction contributes to a number of important aspects, such as customer loyalty, enhanced corporate reputation, reduced transaction costs in the future, and improves employee efficiency and productivity (Edvardson and Ovreitveit, 2005; Eid, 2013). Based on the description, the hypothesis is expressed as follows:

- H7: Satisfaction plays a positive mediation on relationship marketing to loyalty.

The results of Jiang et al. (2015) show that all dimensions of service quality have a positive and significant impact on customer perceived value, which, in turn, increases customer loyalty. While Feliks (2013) mentions that the most effective relationship marketing to increase the gratitude of customers. Based on the description, the hypothesis is expressed as follows:

- H8: Kepuasan berperan sebagai mediasi positip pada hubungan kualitas pelayanan dengan loyalitas.
 H9: Relationship marketing berperan sebagai mediasi positip pada hubungan kualitas pelayanan dengan loyalitas.

3. RESEARCH METHODES

This research is a causal research. The research population is the saving customer of Bank BPR UMKM East Java, located in Surabaya. The analytical technique used structural equation model (SEM) analysis with the help of the Amos 22 software. Estimation using maximum likelihood estimation, and the number of samples researched were 160 respondents, obtained from 16 × 10 research

indicators, in accordance with SEM (Hair et al., 2013). While the sampling method using convenience sampling.

4. DATA ANALYSIS

The study used questionnaire instruments where relationship marketing used 3 indicators adopted from Schiffman and Kanuk (2010), Service quality using 6 indicators adopted from CARTER in Othman and Owen (2002), Customer satisfaction using 3 indicators adopted from Oliver (2001), and loyalitas pelanggan using 4 indicators adopted from Pedersen and Nysveen (2004) (Table 1).

Analysis of descriptive data to 160 respondents shows that: Characteristics of respondents by sex is more dominated by men that is 60.6% compared to women 39.4%. Characteristics of respondents by age at the age of 17-30 years = 26.3% of respondents, and dominant in the age range 31-40 years = 53.7%. The education level of the majority of respondents is bachelor degree which reach 51.2%, while the rest is educated by diploma 40.0% and High school 8.8%. Duration of respondents to customers of BPR Bank UMKM East Java is in the range 1-2 years 23.1%, <1 year 7.5%, 2-5 years 22.4%, and more than 5 year counted 40.0%.

5. RESULT AND DISCUSSION

5.1. Test of Research Instruments

5.1.1. Validity test

From the result of Pearson product moment correlation, it is known that all question items in the questionnaire have a significant correlation at the error rate of 5%, so it can be said all the question items are valid (Table 2).

5.1.2. Reliability test

With Cronbach alpha test (α) in this research indicate that all research variables are reliable, because all of alpha coefficient value from each research variable is bigger than standardized (0.6), so that each question item in measurement instrument can be used. The value of corrected total correlation items of all question items is >0.3 (Table 3).

5.2. Confirmatory Factor Analysis

Table 4 shows the overall results of the confirmatory factor analysis/construct validity of the measurement model. The validity and reliability of the constructs are two tests to evaluate the ability of the measured variables (manifest) in forming latent variables, in the Table 4 all manifests have a loading factor with probabilities of <0.05 , meaning significant in forming latent variables. Also, each latent variable has a construct critical ratio of more than 0.2, which means it comes from one dimension (unidimensional).

5.3. Goodness of Fit Test

Results of data processing using a sample of 160 shows Chi-square is 108.808 with a probability of 0.061. Meanwhile, from goodness of fit index, adjusted goodness of fit index, Tucker Lewis index, comparative fit index, root mean square error of approximation

Table 1: Characteristics of respondents (N=160)

Characteristics	Frequency (%)
Gender	
Men	97 (60.6)
Women	63 (39.4)
Age (years)	
17-30	42 (26.3)
31-40	86 (53.7)
41-60	32 (20.0)
Education	
High school	14 (8.8)
Diploma	64 (40.0)
Bachelor	82 (51.2)
Long been a customer saving (years)	
<1	12 (07.5)
1-2	37 (23.1)
>2-5	64 (22.4)
>5	47 (40.0)

Table 2: The validity test using Pearson correlation

Research variables	Indicator	Question number	Pearson correlation
Service quality	SQL1	01-04	0.800**
	SQL2	05-08	0.650**
	SQL3	09-12	0.808**
	SQL4	13-16	0.667**
	SQL5	17-20	0.793**
	SQL6	21-24	0.744**
Relationship marketing	REL1	25-28	0.609**
	REL2	29-32	0.711**
	REL3	33-36	0.667**
Customer satisfaction	SAT1	37-40	0.879**
	SAT2	41-44	0.657**
	SAT3	45-48	0.707**
Customer loyalty	LOY1	49-52	0.832**
	LOY2	51-56	0.717**
	LOY3	57-60	0.710**
	LOY4	61-64	0.812**

**Correlation is significant at the 0.01 level (2-tailed). SQL: Service quality, REL: Relationship marketing, SAT: Customer satisfaction, LOY: Customer loyalty

Table 3: The reliability test using Cronbach's alpha

Research variables	Number of questions	Coefficient alpha (α)
Service quality	24	0.800
Relationship marketing	12	0.711
Customer satisfaction	12	0.793
Customer loyalty	16	0.744

and CMIN/DF 0.970, 0.912, 0.963, 0.982, and 0.069 respectively are within an acceptable range of values. The results are shown in Table 5 and Figure 2.

5.4. Determination Coefficient Analysis (R^2)

Analysis of the influence between latent variables is done to test how much contribution influence between latent variables formed or percentage of variance between variables in this study can be explained as seen in Table 6. That 70.2 variance on customer satisfaction variable can be explained by service quality variable factor, and relationship marketing. 90.7% variance on customer loyalty variable can be explained by variable factor service quality,

Table 4: Confirmatory factor analysis

Research variables	Relationship	C. R.	Loading factor (λ)	Probability
SQL	SQL→SQL1	-	0.618	0.000
	SQL→SQL2	7.134	0.925	0.000
	SQL→SQL3	6.126	0.739	0.000
	SQL→SQL4	6.100	0.735	0.000
	SQL→SQL5	6.243	0.738	0.000
	SQL→SQL6	6.857	0.867	0.000
REL	REL→REL1	-	0.699	0.000
	REL→REL2	5.454	0.646	0.000
	REL→REL3	5.815	0.699	0.000
SAT	SAT→SAT1	-	0.618	0.000
	SAT→SAT2	6.847	0.874	0.000
	SAT→SAT3	6.910	0.887	0.000
LOY	LOY→LOY1	-	0.759	0.000
	LOY→LOY2	7.892	0.763	0.000
	LOY→LOY3	2.000	0.699	0.000
	LOY→LOY4	9.569	0.432	0.000

SQL: Service quality, REL: Relationship marketing, SAT: Customer satisfaction, LOY: Customer loyalty

Table 5: Evaluation the fit indices

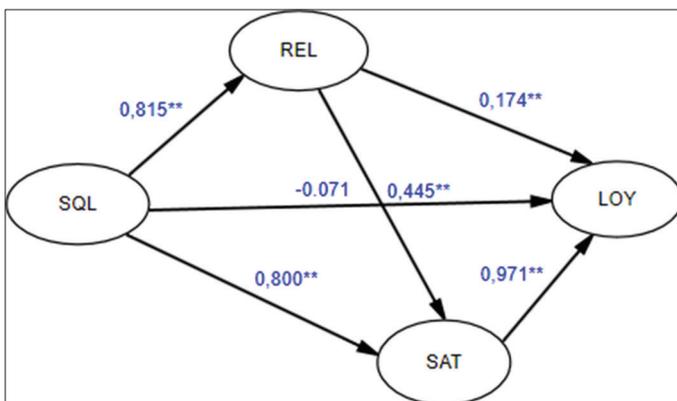
Indices	Amounts reported
Chi-square	108.808
RMSEA (root mean square error of approximation)	0.069
GFI (goodness of fit index)	0.970
AGFI (Adjusted goodness of fit index)	0.912
IFI (Incremental fit index)	0.981
TLI (Tucker Lewis index)	0.963
CFI (comparative fit index)	0.982

Table 6: Coefficient of determination (R²)

Research variables	SMC (R ²)	Information
SAT	0.702	The contribution of SQL, and REL to SAT by 70.2%
LOY	0.907	The contribution of SQL, REL, and LOY effects together against LOY is 90.7%

SMC: Square multiple correlation, SAT: Customer satisfaction, LOY: Customer loyalty

Figure 2: Coefficient of research model path



relationship marketing, and customer satisfaction. While the rest (9.3%) described other variables outside this study.

5.5. Hypothesis Testing

Hypothesis testing is done based on the value of estimation significance of research model parameters shown in Table 7.

There is a SQL effect on REL of 0.815, with CR value of 5.084 and P = 0.000. There is a SQL effect on SAT of 0.800, with CR value of 2.728 and P = 0.000. This shows that H1 and H2 are accepted.

There is influence of SQL to LOY equal to -0.071, with value of CR equal to -0.428 and P = 0,669. This indicates that H3 is rejected.

There is influence of REL to SAT equal to 0,445, with value of CR equal to 2,563 and value P = 0,000. There is influence of REL to LOY equal to 0,174, with CR value 2,068 and P = 0,000. There is a SAT effect on LOY of 0.971, with CR value of 5.807 and P = 0,000. This indicates that H4, H5 and H6 are accepted (Table 8).

Testing has been done on H4, it is proven that REL has significant influence to SAT, while testing against (H6) proved that SAT has significant effect to LOY. With the significance of these two paths proves that there is a significant indirect relationship of SQL to LOY through SAT with path coefficient of = (0.445 × 0.971) = 0.432. This indicates that H7 is accepted.

Testing has been done on H2, it is proven that SQL has significant effect to SAT, while testing against (H6) proved that SAT has significant effect to LOY. With the significance of these two paths proves that there is a significant indirect relationship of SQL to LOY through SAT with path coefficient of = (0.800 × 0.971) = 0.777. This indicates that H8 is accepted.

Testing has been done on H4, it is proven that REL has significant influence on SAT, while testing against (H6) proved that SAT has significant influence to LOY. With the significance of these two paths proves that there is a significant indirect REL relationship to LOY via SAT with path coefficient of = (0.445 × 0.971) = 0.432. This indicates that H9 is accepted.

6. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

From the test results to the model in this study, able to explain the relationship between service quality, relationship marketing, customer satisfaction, and customer loyalty of Bank BPR UMKM East Java in Surabaya. The result of this research is a meaningful contribution especially in marketing strategy management, which is related to customer satisfaction and customer loyalty of Bank BPR UMKM East Java in Surabaya.

The conclusion of the research is: The service quality affects the relationship marketing, this proves that with good service quality, the customer received will be able to increase relationship marketing between banks with basabah. Service quality affect customer satisfaction, this proves that with good service quality, received by customers will be able to increase customer satisfaction to the bank. Service quality has an insignificant effect

Table 7: Hypothesis testing (direct effects)

H	Relationship	Standardized coefficient	SE	CR	P	Decision
H1	SQL→REL	0.815	0.162	5.084	0.000	Accepted
H2	SQL→SAT	0.800	0.283	2.728	0.000	Accepted
H3	SQL→LOY	-0.071	0.178	-0.428	0.669	Rejected
H4	REL→SAT	0.445	0.270	2.563	0.000	Accepted
H5	REL→LOY	0.174	0.171	2.068	0.006	Accepted
H6	SAT→LOY	0.971	0.185	5.807	0.000	Accepted

SQL: Service quality, REL: Relationship marketing, SAT: Customer satisfaction, LOY: Customer loyalty, SE: Standard error, CR: Critical ratio, P: Probability

Table 8: Hypothesis testing (mediating effects)

H	Relationship	Coefficient	Decision
H7	REL→SAT→LOY	0.445*0.971=0.432	Accepted
H8	SQL→SAT→LOY	0.800*0.971=0.777	Accepted
H9	SQL→REL→LOY	0.815*0.174=0.142	Accepted

SQL: Service quality, REL: Relationship marketing, SAT: Customer satisfaction, LOY: Customer loyalty

on customer loyalty of Bank BPR UMKM East Java, it indicates that the service quality that has been run by BPR bank has not been able to increase customer loyalty. This can happen because the service quality run by Bank BPR UMKM East Java is not different from the services provided by other Bank. Therefore, BPR Bank of UMKM East Java should innovate and provide different services, so customer loyalty will rise with new service model. Relationship marketing affects customer satisfaction, it proves that relationship marketing strategy that has been executed by bank will be able to increase customer satisfaction, where with relationship marketing closeness of bank with customer will be established tightly, so long term relationship will be done. Relationship marketing affects customer loyalty, this proves that relationship marketing strategy that has been run by Bank will be able to increase customer loyalty. Satisfaction affects customer loyalty, this proves that satisfied customers to the bank are well satisfied because of the good service quality, and because of relationship marketing strategy run by Bank BPR UMKM East Java will be able to increase customer loyalty. It also proves that customer loyalty is caused by customer satisfaction.

Acceptance of H7, can be interpreted that customer satisfaction also provides additional strengthening of customer loyalty achievement. This means that by implementing the relationship marketing strategy continuously, which is implemented in three programs: Sustainable marketing, individual marketing and cooperation program will encourage the increase of customer loyalty through customer satisfaction. This proves that customer satisfaction is a good mediation variable between relationship marketing and customer loyalty variables.

Acceptance of H8, can be interpreted that customer satisfaction also provides additional reinforcement of customer loyalty achievement. This means that by providing good service quality, which is presented in six indicators, namely: Compliance, assurance, reliability, tangible, empathy, and responsiveness will encourage the increase of customer loyalty through customer satisfaction. This proves that customer satisfaction is a good mediation variable between service quality variable and customer loyalty.

Acceptance of H9, can be interpreted that relationship marketing also provides additional strengthening of customer loyalty achievement. This means that the quality of good service and implementation of relationship marketing strategy, where the company to do good and pleasant relationship with customers will encourage the increase of customer loyalty through relationship marketing. This proves that relationship marketing is a good mediation variable between service quality variable and customer loyalty.

It is recommended for the management of BPR Bank of UMKM should pay attention and improve the service quality which until now has not positively impact to customer loyalty. This can be done by paying personal attention to each customer, so customers will feel greatly cared for. Relationship marketing strategies can also be used as a means to improve service quality by always providing information about bank products automatically through electronic means every month and giving birthday greetings when customers are birthday, so customers will feel noticed, customer satisfaction will increase which further loyalty of customers also increased.

The result of research have proved that customer satisfaction is good mediation variable on relationship marketing variable with loyalty. Also proves that customer satisfaction is a good mediation variable on the relationship of service quality with loyalty. The results also proved that relationship marketing is a good mediation variable on the relationship of service quality with loyalty.

This research is only conducted at Bank BPR UMKM East Java in Surabaya, so the results can not be generalized. Therefore further research is suggested that the model in this research is applied on a wider scale. This study is conducted only on the customer with the category of savings. Therefore further research can be directed to customers who have not been covered in this study. The model in this study is only able to explain 90.7% customer loyalty, so testing the next research model needs to be done for wider coverage.

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