SUMMARY

MILA FAUZIAH. The Effect of Brand Activation, Switching Barriers and Customer Satisfaction to Customer Loyalty. Supervised by HARTOYO dan LILIK NOOR YULIATI

Over the course of past few years, Bank Indonesia sanctioned its policy for lowering interest rate of Sertifikat Bank Indonesia (SBI). Precisely, the interest rate offered to customers in 2008 was 11.82% compared to the interest rate of 2012 which significantly plunged down to 4.20%, thus negatively impacting a range of banking products such as savings, deposits, and current accounts. Consequently, customers started withdrawing their savings and channeling into alternate sources of investment such as gold, mutual funds, stocks, unit-link and Indonesian Retail Bonds in order to maximize the return on investment thereby, substantially reducing customer loyalty. As a state-owned bank possessing second-largest assets in Indonesia from 2008 to 2013, Bank “X” still trails behind Bank of Central Asia (BCA) in terms of customer loyalty as evident by the latter scooping The Best of Indonesian Bank Loyalty Champion Awards from Indonesian Bank Loyalty Award. Customer loyalty is generally regarded as one of the most important factors for a banks continued sustainability and success.

The purpose of this study is to analyze the factors which affect the brand activation seen of the variable product and services, employee, identity and communication. Analyzing the factors that influence the satisfaction of the variables seen tangible, reliability, responsiveness, assurance, and empathy. Analyzing the influence of brand activation, switching barriers and customer satisfaction to loyalty to the bank. Besides providing recommendations on the bank related to increasing the loyalty of customers.

This study involved 265 respondents, who meet the criteria such as a customer of Bank “X” Jakarta Kalimalang branch on savings products and or current accounts or deposits. Respondents were not included or part of a large family / PT. Bank “X” (Persero) Tbk. Respondents conduct a transaction at the bank branch in Jakarta Kalimalang at least 2 times in the last 3 months. Data processing in this study using SEM analysis of variance-based called partial least square (PLS) and Descriptive Statistics. Though based on the data, the results show that the attributes such as Customer Satisfaction, Switching Barriers and Brand Activation significantly affects customer loyalty. Attributes such as reliability, responsiveness, empathy and tangibility could influence Customer Satisfaction while attributes of identity and communication affect Brand Activation. Moreover, attributes such as interpersonal relationship, alternative attractiveness and switching cost could influence Switching Barriers. Customer satisfaction variable has the most effect on customer Jakarta Kalimalang branch of bank “X”. Switching barriers variable have a greater influence than brand activation. Brand activation variables have the smallest effect on customer loyalty Jakarta Kalimalang branch of bank “X”.

Keywords: Brand Activation, Customer Satisfaction, Loyalty, Switching Barriers.