

Implementation of Customer Engagement at PT. Bank Danamon Tbk, Makassar Branch Slamet Riyadi

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ARTICLE INFO



ISSN: 2620-6196
Vol. 6 Issues 2 (2023)

Article history:

Received – October 17, 2023

Revised – October 20, 2023

accepted – October 20, 2023

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Keywords:

Customer Engagement, Customer Satisfaction, Customer Value

ABSTRACT

The purpose of the study was to analyze the application of customer engagement at PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi. The research method used in this study is qualitative research which can also be called explanatory research. The data collection technique used is an interview technique, by randomly interviewing customers related to four indicators in the application of customer engagement, including CLV, CRV, CIV, and CKV. The number of informants interviewed was four. The results showed that CLV (Customer Lifetime Value) runs well, as evidenced by the commitment from customers to continue using the products offered by PT Bank Danamon Tbk Makassar Branch Slamet Riyadi because of the good service and the information provided by management / employees is very clear and easy to understand. CRV (Customer Referral Value) and CIV (Customer Influencer Value) of old customers have acted as good marketers in delivering Bank Danamon products, services, and services to potential customers, even though the dissemination of Bank Danamon by customers has not been done through social media only word of mouth. CKV (Customer Knowledge Value) customers actively convey their suggestions and criticisms related to service, directly to top management, for customer products it has not been literate that the role of customers is very large to help Bank Danamon in making good and useful products for customers.

INTRODUCTION

Banking is an institution that aims to collect funds from customers as its main consumers, so the banking industry must prioritize the rights of consumers. The development of the banking world in Indonesia must be carried out in a healthy and sustainable manner so that it will provide great benefits for national economic development. OJK (2021) has formulated the Indonesian Banking Development Roadmap (RP2I) 2020-2025, which contains four directions, namely 1) Strengthening structure and competitive advantage; 2) Acceleration of digital transformation; 3) Strengthening the role of banks in the national economy; and 4) Strengthening regulation, supervision and licensing. And there are four supporting tools, namely 1) Leadership and change management; 2) Information technology infrastructure; 3) Quality and quantity of human resources; and 4) Synergy and collaboration of all stakeholders.

Broadly speaking, banking development plans require acceleration from various lines, including people who will later become customers of a Bank. Referring to the concept of customer loyalty, where to have loyal customers, a business entity, including the Bank, must understand what the wants are and needs of customers. Because customers who are satisfied with the performance of a bank will certainly entrust their funds to be managed by the Bank. According to Sudirman and Muna (2020), it is wrong to realize customer loyalty, it is necessary to have a close relationship with customers or often called CRM (*Customer Relationship Management*). Good *customer relationship management* will certainly be formed if *customer engagement is created* (Rahman, 2022).

In the world of marketing, customer presence and engagement are considered as a customer activity in the company (Pansari & Kumar, 2017). Today's business world also forces companies to spur and improve better services so that there is a difference with their competitors. According to Rahman (2022), an important strategy that can be used in generating higher company performance is *customer engagement*. Engagement according to Maslowska, et al in (Rahman, 2022) is a psychological process

that encourages loyalty. *Customer engagement* is defined as a customer behavior that is formed due to a relationship with a company or brand (Palmatier et al., 2018). Customer involvement in company activities will be an investment for the company in the long run. Because by involving customers, the company will know what makes customers stay with the company. Basya (2019) explained that *customer engagement* emphasizes the quality of the services they provide to attract the conscience of Islamic bank customers.

Banking is a company engaged in the field of selling services, so of course prioritizing customer needs must be the company's priority. Luthfiana and Mukhlisiana (2017) stated that "the *customer engagement* program is very useful in maintaining customer loyalty by providing simple products and in accordance with customer needs, providing excellent service to customers who make transactions at tellers and customer service, providing convenience to customers in making transactions by providing various electronic banking facilities such as ATMs located easy to reach, CDM, m-banking, and e-banking". Kuncoro (2019) in packaging content on Instagram social media requires *customer engagement* so that the content created can attract customer attention. This shows that *customer engagement* is needed by companies to improve their performance by understanding what the needs of customers are and then designed by the company a strategy that can be used in managing the company oriented to meeting customer / customer needs.

PT Bank Danamon Tbk is currently supported by 846 networks of conventional branch offices, Sharia units and branch offices of its subsidiaries as well as more than 60,000 ATM Danamon, ATM Bersama, PRIMA, and ALTO networks spread across 34 provinces. With a variety of financial products and services, Danamon is ready to serve the needs of customers from various segments including Consumer banking, Small and Medium Enterprises (SMEs), *Wholesale* (Corporate and Commercial), and Sharia as well as automotive financing through Adira Finance. With the various services provided by PT Bank Danamon Tbk, it is necessary for every regional office, branch, and unit to be able to convey to customers related to their services, including PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi. As a branch office that becomes a representative and representative of the head office, PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi must understand what the needs of the community today to subsequently become input to the head office in improving services to its customers.

Table 1. Development of the Number of Customers of PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi in 2020-2022

Year	Number of Customers
2020	2.979
2021	3.072
2022	3.035

Source. PT Bank Danamon Indonesia Makassar Branch Slamet Riyadi, 2023

Based on **Table 1**. Over the last three years, there have been fluctuating customer increases, where in the period from 2020 to 2021 there was an increase of 93 customers or around 3.1%, and in the period from 2021 to 2022 there was a decrease in the number of customers by 37 customers or a decrease of -1.2%. One of the factors that has decreased customers is the presence of customers who close accounts.

Table 2. Account closure data made by customers of PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi

Year	Account Closure
2021	107
2022	78

Source: PT Bank Danamon Indonesia Makassar Branch Slamet Riyadi, 2023

RESEARCH METHOD

The research method used in this study is qualitative research which can also be called explanatory research. The time required for the implementation of this research is two months. This research will be conducted in June – July 2023. Related to the location of the research, which was carried out in Makassar City, South Sulawesi by targeting customers of PT Bank Danamon Makassar Branch. This location selection is because most customers of PT Bank Danamon Makassar Branch are people who live in Makassar City, but it does not rule out the possibility that there are customers who live outside the city of Makassar.

Data sources in this study are primary and secondary data. Where primary data is data obtained by conducting interviews with randomly selected customers and directly at PT Bank Danamon Makassar Branch Slamet Riyadi. Secondary data is data obtained from intermediary media or indirectly such as records or archives, where in this study secondary data is in the form of data on the number of customers of PT Bank Danamon Indonesia Tbk Makassar Branch Slamet Riyadi.

Determination of informants in this study using purposive techniques. Purposive technique is a technique for determining informants determined by the researcher himself, where those selected to be informants in this study are customers as the main informant and employees of PT Bank Danamon Indonesia Tbk, Makassar Branch Slamet Riyadi as additional informants to conduct interviews with researchers.

RESULTS AND DISCUSSION

Analysis of Customer Engagement Implementation at PT Bank Danamon Makassar Branch Slamet Riyadi

Understanding customer behavior is certainly important for every company, including companies engaged in finance such as banking. According to Sangadji and Sopiah (2013) in (Albushairi et al., 2018: 9) companies that understand consumer behavior will make it easier for policy makers to design strategies that are suitable for bringing consumers by understanding the desires and characteristics of consumers. From the previous explanation we can draw a conclusion that companies that want to bring customers certainly need to understand the characteristics and behavior of their customers.

In this study, PT Bank Danamon Tbk Makassar Branch Slamet Riyadi, which is the object of research, really needs the presence of customers, which in this case are customers as a source of income for banking companies. The more customers who conduct financial transactions at Bank Danamon, it will increase the profitability of Bank Danamon itself. One of the strategies that can be applied by Bank Danamon Makassar Branch Slamet Riyadi is to implement *customer engagement* at Bank Danamon. Explained earlier in this study that *customer engagement* is a psychological condition that occurs when there is interaction and experience together with the brand Brodie et al (2011). *Customer engagement* plays an important role in explaining the psychological relationship between companies and customers. Banking companies that implement *Customer Engagement* will certainly be able to get satisfied and even loyal customers, customers who will also act as marketers, and also customers who will act as strategy makers to improve services and services in a banking company. Marta et al (2019) in their research stated that customer engagement has a positive and significant effect on customer impression and customer loyalty at Bank BRI Unit Belimbing Padang.

To find out the extent of the implementation of customer engagement at PT Bank Danamon Tbk Makassar Slamet Riyadi Branch, an analysis was carried out on several customer engagement indicators, including:

Analysis of Customer Lifetime Value

Customer lifetime value is a new dimension used to understand the value of customer maintenance programs in a company. Philip Kotler in Sevikro (2023: 21) *Customer lifetime value* is the net profit obtained from customers during the subscription period, as well as customers will continue to buy products from the company. At PT Bank Danamon Tbk Makassar Branch, Slamet Riyadi, indicated

that the CLV indicator was running well, as evidenced by the commitment from customers to continue using the products offered by Bank Danamon. The aspects that make customers of PT Bank Danamon Tbk Makassar Branch Slamet Riyadi to continue using Bank Danamon products are due to good service and information provided by management / employees are very clear and easy to understand by customers of PT Bank Danamon Makassar Branch Slamet Riyadi, also the products offered so far are relevant to the needs of their customers.

Customers prioritize their assessment of Bank Danamon in the aspects of products and services that are fast, effective and provide benefits to customers. In addition, it is important for Bank Danamon management to avoid products and service activities that can harm customers, because it will have an impact on customer distrust of Bank Danamon and will result in the loss of potential and loyal customers. This finding is supported by research conducted by Azzahroh (2021) customer satisfaction has a positive and significant influence on customer *lifetime value* at Pamella supermarket. Another research conducted by Abiyyuansyah (2019) with clear content and information presented by the company makes customers satisfied with Amstirdam Coffe Malang. To reinforce the findings of this study, it can be seen in the research conducted by Anggraeni and Sabrina (2021) three dimensions that companies must consider to realize customer engagement, namely customer satisfaction, and loyalty, to obtain satisfied and loyal customers, what the company must prioritize is its service and service. This research indicates that it is important for Bank Danamon customers to obtain good services, services, and products and can provide *benefits* to customers to be able to gain trust and satisfaction, as well as loyalty from their customers.

Analysis of Customer Referral Value

CLV (*Customer Referral Value*) talks about recommendations made by existing customers to other potential customers to consume the company's products or services. Reichbeld (2003) in Situmorang (2010: 125) suggests that the main key in company growth lies in *positive word of mouth*.

At PT Bank Danamon Tbk Makassar Branch Slamet Riyadi, the role of customers in recommending and introducing Bank Danamon to other prospective customers can be said to be good, because old customers have participated in recommending Bank Danamon to prospective new customers even though it is still limited to the scope of family, friends, and business partners. The recommendation process occurs when there is a family gathering, and when there are friends and relatives who are confused about determining the choice of bank that is suitable for them to transact. Referrals made by old customers to new customers are not only once or twice, but more than that.

Hogan et.al (2003) in Situmorang (2010: 126) in his research on the loss of value over time when a customer turns away from the company. The loss of value is not only a function of loss of purchases but also a function of the loss of *word-of-mouth* role of customers regarding a product that can cause loss of sales in the future.

Bank Danamon's ability to survive in the financial world, especially banking during competition with state-owned banks, private banks, and foreign banks due to Bank Danamon's ability to maintain customer loyalty and have an impact on the growth of trust which has implications for shaping old customers into good and effective marketers, as well as efficient for Bank Danamon.

Analysis of Customer Influencer Value

CIV (*Customer Influencer Value*) talks about the intensity of *word of mouth* that recommends and converts potential customers to become customers. This matrix is in line with CRV (*Custume Referral Value*) where the role of existing customers is needed in recommending Bank Danamon to prospective new customers. This CIV matrix focuses more on the role of existing customers to become influencers consciously without waiting for someone to ask, and this can be done by disseminating Bank Danamon products through social media. The CIV indicator measured in PT Bank Danamon Tbk Makassar Branch Slamet Riyadi has not run well, because the process of transferring Bank Danamon product information from old customers to prospective new customers is still limited to direct discussion moments related to banking products. The dissemination of Bank Danamon products through social media has not been carried out by existing customers.

Like Abiyyuansyah's statement (2019) in his research which states that customers can influence other potential customers by sharing content made by Amstirdam Coffe unfortunate. If pulled to the banking side, where in this case Bank Danamon, customers who share information related to products, services, and services through social media will trigger a *word-of-mouth* interaction between old customers and prospective new customers. Of course, this must be the concern of the management of PT Bank Danamon Makassar Branch Slamet Riyadi so that customers can play a role in disseminating information not only by word of mouth but also customers by voluntarily disseminating information related to Bank Danamon through their respective customers' social media. Given that people are now literate about the use of social media, it will greatly assist Bank Danamon in disseminating product and service information to the public or potential customers.

Analysis of Customer Knowledge Value

CKV (*Customer Knowledge Value*) talks about customer knowledge in conveying ideas for innovation and company development. As stated by Wilde (2011: 56) in Wijaya (2019) CKV is a process to capture, share, apply data, information and *knowledge* related to consumers for the benefit of the company. The results of research conducted by Wijaya (2019: 87) found that *Customer Knowledge* has a positive effect on *Service Quality*. Therefore, from the results of the study, it was conveyed that to improve *Customer Knowledge* "it is recommended to the management and employees to continue to maintain good relationships with customers such as being fully responsible for customers and environmental issues, communicating well with customers in conveying product information clearly, and meeting customer requests with performance effective and efficient physical delivery".

At PT Bank Danamon Tbk Makassar Branch Slamet Riyadi, the tendency of customers to communicate with the top management of PT Bank Danamon Tbk Makassar Branch Slamet Riyadi is still limited to service. The Customer in this case provides advice to Bank Danamon management to maintain and improve services as effectively and efficiently as possible so that customers will be comfortable to transact at Bank Danamon. The customer believes that by submitting his criticism and suggestions directly to top management, it will be realized immediately slammed into submitting criticisms and suggestions to middle to lower-level management.

Apart from the service aspect, input related to the Products sold by Bank Danamon, customers believe that PT Bank Danamon Tbk Makassar Branch Slamet Riyadi only follows the SOP from the Head Office of PT Bank Danamon Tbk. Customers are not literate regarding the role of the customer itself, lower to top level management in units, branches, and regions will greatly help the Head Office in designing a good and useful product for customers. The results of these findings will certainly be input for the management of PT Bank Danamon Tbk Makassar Branch in providing literacy to its customers related to the very important role of input from a customer in creating a good service atmosphere as well as in designing a banking product that can be useful and profitable for customers.

CONCLUSION

This study aims to analyze the application of customer engagement at PT Bank Danamon Tbk Makassar Branch Slamet Riyadi, so that management can find out the extent of the implementation of customer engagement and what has been good and needs to be improved to continue to be able to serve customers and continue to exist in the banking world amid the current banking business competition in Indonesia. Based on the results of the research that has been done, the conclusions of the research results are made as follows:

The implementation of customer engagement implementation at PT Bank Danamon Tbk Makassar Branch Slamet Riyad can be said to be good.100%. By far the most important aspect in the business world, especially companies engaged in financial services, namely the service aspect, has become an advantage owned by PT Bank Danamon Tbk Makassar Branch Slamet Riyadi. Given that customers are satisfied with the services provided, it is undeniable that there will always be input from customers to the management of PT Bank Danamon Tbk Makassar Branch Slamet Riyadi to continue to improve the

quality of service and service so that customer satisfaction will continue to be maintained so that in the end it will give birth to loyal customers.

Customers have also acted as good marketers by disseminating Bank Danamon's products, services, and services with a word-of-mouth approach. In addition, customers also actively provide advice to the top management of PT Bank Danamon Tbk, Makassar Branch Slamet Riyadi regarding improving service quality. The Customer is confident and believes that submitting criticism and suggestions directly to top management will and immediately for follow-up.

Suggestion

Some points suggested to the management of PT Bank Bank Danamon Tbk Makassar Branch Slamet Riyadi to improve the implementation of customer engagement and improve the quality of products, services, and services provided to customers are We recommend that the management of PT Bank Danamon Tbk make a targeting strategy that can encourage customers to actively market Bank Danamon through social media. Increase customer literacy related to the importance of customer roles in assisting Bank Danamon in making good products, services, and services in accordance with customer needs. Stay active in maintaining good relationships with customers.

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