

THESIS

CUSTOMER PURCHASE DECISION THROUGH PRODUCT QUALITY, PROCESS, SERVICE QUALITY AND PROMOTION

(Case Study on Tahapan Xpresi Bank Central Asia, Makassar)

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**DEPARTMENT OF MANAGEMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS HASANUDDIN
MAKASSAR
2021**

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(Case Study on Tahapan Xpresi Bank Central Asia, Makassar)

as one of the requirements to obtain
Bachelor of Economics degree

compiled and submitted by

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to

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FACULTY OF ECONOMICS AND BUSINESS
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Makassar, December 9th, 2021

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PREFACE

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The Author,

Muhammad Akhyarul Amal

ABSTRACT

CUSTOMER PURCHASE DECISION THROUGH PRODUCT QUALITY, PROCESS, SERVICE QUALITY AND PROMOTION (Case Study on Tahapan Xpresi Bank Central Asia, Makassar)

Muhammad Akhyarul Amal
Muhammad Toaha
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This study is to determine effect of product quality, process, service quality and promotion on purchasing decision of customers Tahapan Xpresi in Makassar. The study examines how product quality, process, service quality, and promotion affecting customer purchase decision. Survey research approach is used by distributing structured questionnaire to a sample size of 97 respondents from BCA Tahapan Xpresi customers. Since this research is accommodating four independent variables and one dependent variable, the statistical analysis using Multiple Regression Model and data processed through SPSS 25. By the significance of the result of hypotheses test, showed that product quality, process, and service quality has contributed significant toward customer purchase decision and promotion has not contributed significant toward customer purchase decision. On the other hand, this research found that customer purchase decision is affected by product quality.

Keywords: Customer Purchase Decision, Product Quality, Process, Service Quality, Promotion.

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CHAPTER I

INTRODUCTION

1.1 Background

The banking industry is currently targeting increasing customer satisfaction to attract more consumer interest and maintain the continuity of its customer base. In the increasing competitive banking industry and with the large number of banks that have been established recently, several factors are considered by customers to open an account at a bank of their selection. The customer's decision to open an account is the final effect of a purchase which can be interpreted as an attitude and intention to behave in the future and expressed through things such as a commitment to use products from the bank, a commitment provide recommendations to prospective customers and the intention to provide positive things to the bank. The decision to open an account is influenced by several factors, namely the various kinds of products offered by a bank, an effective and efficient process, the quality of services provided, and various promotions offered by a bank.

Not a few customers have two or more bank accounts due to the need for products or services that are not fulfilled by one bank, which results in competition between banks in collecting funds from the customers through various ways, including issuing types of savings that are equipped with various features to stimulate customers interest in opening an account.

BCA (Bank Central Asia) is the largest private bank in Indonesia with various quality and targeted products and services for BCA customers. In addition, BCA is one of the banks that currently have many banking services, one of which is Tabungan Hari Depan, better known as Tahapan BCA. BCA offers various

segments in the Tahapan savings account to different customers, with attractive features tailored to each segment. For example, Tahapan BCA is intended for individual customers or foundations. Then Stages Gold is intended for the business segment. Meanwhile, to capture the youth market, BCA offers Tahapan Xpresi with features tailored to the needs of the younger generation, including ATM cards that can be designed according to customer tastes.

Specifically for this study, the researcher would like to describe Tahapan Xpresi, which is a savings account specifically designed for the convenience of customers lives and provides convenience in transactions, for the younger generation precisely (BCA Annual Report, 2019). With the terms and condition customers bring their e-ktp, and initial deposit just 50,000,00 rupiah, different from Tahapan BCA which has a minimum initial deposit 500,000,00 rupiah. On the other hand, what makes this Tahapan Xpresi so unique is the benefits that customers get being free to choose an ATM card design of up to 50 designs which is different from Tahapan BCA which only has three colors based on the category, namely silver, gold, and platinum. The BCA Xpresi admin fee is low which is only Rp. 7,500,00 different from Tahapan BCA which has more expensive administrative fees depending on categories, which is at least 15,000,00 rupiah. the minimum balance of Tahapan Xpresi only 10,000,00 rupiah while the minimum balance retained in Tahapan BCA is 50,000,00. Following the commitment of "Always by Your Side", BCA strives to provide the best services and solutions for its customers. The customers referred to in this case are all customers of BCA The customer is the main factor behind the success of BCA and is the reason for BCA to maintain its commitment in providing the best, comfortable, and quality service (www.bca.co.id).

Table 1.1 Number of BCA Accounts Opened Per May 2020 – May 2021

Months	Sales Turnover per Month (Unit)	Increase/Decrease per Month	Percentage increase/decrease in sales
May 2020	2,415	-	-
June 2020	2,605	+190	+7,86%
July 2020	2,934	+329	+12,62%
August 2020	1,565	-1,369	-46,65%
September 2020	2,232	+667	+42,61%
October 2020	3,564	+1,332	+59,67%
November 2020	3,289	-275	-7,716%
December 2020	3,976	+687	+20,88%
January 2021	4,597	+621	+15,61%
February 2021	4,238	-359	-7,809%
March 2021	4,987	+749	+17,67%
April 2021	5,392	+405	+8,121%
May 2021	4,778	-614	-11,38%

Source : Bank Cental Asia Makassar

Product quality plays an essential role as a critical element that brings value to customers, more than just tangible objects but including service features, design, quality of performance, brand name and packaging. Customers are looking for a reliable product that fits their purpose and can stand up to their needs. Customers will buy the product if they feel it is suitable. Therefore, BCA product savings must be of high quality and tailored to customers' needs in order to be successful. In other words, BCA focused on market wants or consumer needs. Effective and efficient process provided by BCA is important because it can increase the level of trust and intention of customers to continue making transactions using BCA products.

The quality of service provided by BCA to customers is also critical in order to respond to create loyalty from customers. Service quality is the level of excellence expected and control over this level of excellence to meet customer desires (Tjiptono, 2020). Excellent service also plays a role in the bank because it is expected to respond to create customer loyalty and satisfaction. Promotion is a form of marketing communication in which marketing activities seek to disseminate information, persuade, and remind the target market of the company and its

products to be willing to accept, buy, and be loyal to the products offered by the company (Tjiptono, 2019). The form of promotions conducted by BCA to increase customers by providing various advantages and attractions such as providing ATM cards, gifts, merchant cooperation and e-banking services. To keep up with the evolution of contemporary lifestyles, Bank BCA has expanded its digital marketing strategy to take advantage of the increased user of social networking sites for the delivery of promotional products and services.

Researcher use the marketing mix as a theoretical basis, which is the concept of a marketing tool to develop a controlled strategy that the company integrates to attract customers who have become the target market. The marketing mix tools are grouped into four major groups called the 4Ps of marketing: product, price, place, and promotion (Kotler Armstrong, 2017) plus the 3Ps: process, physical environment, and people (Lovelock and Wirtz, 2016). For this study, researcher used aspects of the marketing mix according to this research topic, product, process, and promotion. In addition, researcher also uses the service quality theory as the theoretical basis for this research.

This research will analyze the effects of product quality, process, service quality and promotion to determine their effects on purchasing decisions. Researcher study these factors because most of these factors received less attention from marketers. Many researches have researched customer purchase decisions through product quality, process, service quality, and promotion. The main contrast between this study and the previous studies lies in the object, sample, and period applied. Based on the background stated above, the researcher is interested in conducting a study entitled. "**Customer Purchase Decision through Product Quality, Process, Service Quality, and Promotion (Case Study on Tahapan Xpresi Bank Central Asia, Makassar)**".

1.2 Research Question

Based on the background that has been described above, the researcher formulates the problems that will be discussed in this study. The research problems are :

1. Does product quality influence customers decision in choosing Tahapan Xpresi of Bank Central Asia Makassar?
2. Does process influence customers decision in choosing Tahapan Xpresi of Bank Central Asia Makassar?
3. Does service quality influence customers decision in choosing Tahapan Xpresi of Bank Central Asia Makassar?
4. Does promotion influence customers decision in choosing Tahapan Xpresi of Bank Central Asia Makassar?
5. Which variable (product quality, process, service quality and promotion) has the most effects on customers decision in choosing Tahapan Xpresi of Bank Central Asia Makassar ?

1.3 Research Objectives

The purpose of this study is to determine whether there is an impact and which variable (product quality, process, service quality, and promotion) has the most effects on customer purchasing decisions Tahapan Xpresi in Bank Central Asia Makassar.

1.4 Research Application

1.4.1 Theoretical Application

- a. The result of this research is expected to provide additional knowledge for social science development, especially in marketing.

- b. This research will be used as a comparison or reference in further research, especially in marketing.

1.4.2 Practical Application

- a. As input and information to provide an overview of Product Quality, Process, Service Quality, and Promotion on Tahapan Xpresi Bank Central Asia Makassar.
- b. Provide an overview of how customer purchase decision on Tahapan Xpresi Bank Central Asia Makassar.

1.5 Research Scope

Based on the formulation of problems and objectives that will be achieved in this study, this study's scope and limits are customer purchase decisions of Tahapan Xpresi Bank Central Asia through product quality, process, service quality, and promotion. This research applied respondents of customer Tahapan Xpresi Bank Central Asia Makassar.

1.6 Brief Table of Content

The systematic writing of this thesis, are as follows :

CHAPTER I INTRODUCTION

This chapter contains the background, research question, research objectives, research application, research scope, and brief table on content.

CHAPTER II LITERATURE REVIEW

This chapter contains a review of the theory needed to support research and relevant concepts to discuss the problems formulated in this study, a review of previous research, frameworks of thought, and hypotheses.

CHAPTER III RESEARCH METHODOLOGY

This chapter discusses the methods or aspects of this research, including research design, place and time, population and sample, research variables, research instruments, data collection techniques, and data analysis.

CHAPTER IV RESEARCH FINDING AND DISCUSSION

This chapter describes data descriptions, data quality tests, classic assumption tests, simple linear regression tests, hypothesis testing, and discussion of research results.

CHAPTER V CONCLUSION AND SUGGESTION

This chapter contains the conclusions and research results, suggestions that can be used as input for the parties concerned, and the research's limitations.

CHAPTER II

LITERATURE REVIEW

2.1 Marketing

Marketing is one of the main activities carried out by the company in order to achieve the goal of maintaining survival thrive and making a profit. According to Kotler and Keller (2016) marketing is about identifying and meeting human and social needs.

Furthermore, Kotler and Armstrong (2018) also state that marketing is the process by which companies create value for customers and build strong customer relationship in order to capture value form customers in return. From the two definitions of marketing above, it can be concluded that marketing is a process to identify and meet the needs and wants of customers, providing value in order to satisfy and retain strong relationships with customers and their trust in return.

2.1.1 Marketing Concept

According to Kotler and Armstrong (2018) marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. In Kotler and Keller (2016) point of view, the marketing concept holds that the key to achieving organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value to your target markets.

2.1.2 Marketing Mix

According to Kotler and Armstrong (2018) marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. Various marketing-mix tools of four broad kinds, which he called the four Ps of marketing: product, price, place and promotion (Kotler and Keller, 2016)

1. Product

Product is the combination of goods and services (variety, quality, designs, features, brand name, packaging and service) that the company provides and offers to the target market.

2. Price

Price is the number of the amount of money that is set by the company, and customers must pay that amount of money to be able to own the product.

3. Place

Place, also known as a destination, is where companies do their activities and have it available to target consumers.

4. Promotion

Promotion is activities that communicate about the product's goods and services and convince customers to buy it. Nevertheless, according to Lovelock and Wirtz (2016), marketing mix has extended, adding three Ps associated with service delivery: process, the physical environment, and people. Collectively, these seven elements are referred to as the "7Ps" of service marketing. Represent the ingredients required to create viable strategies for meeting customer needs profitably in a competitive marketplace. Lovelock and Wirtz (2016) has described this extra 3Ps for service marketing:

5. Process

The process is delivering a product that needs well design sequence of an effective procedure to target customers.

6. Physical environment

The physical environment, also known as service-scape, involves tangible evidence design such as buildings, landscaping, interior furnishing, equipment,

staff members, and uniforms. These will impact customer satisfaction and service productivity.

7. People

People are the ones who have direct interaction between services and customers. They require interpersonal skills and a positive attitude to work well individually or as teamwork to bring out customers' best.

2.2 Product

Product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need (Kotler and Armstrong, 2017). According to Tjiptono (2019), a product is anything that a producer can offer to be noticed, requested, sought, purchased, used, or consumed by the market to fulfill the needs or desires of the relevant market.

2.2.1 Product Quality

Product quality is the ability of a product to perform its functions, including its entire durability, reliability, precision, user-friendliness, reparation, and other components (Kotler and Armstrong, 2017). Further, Kotler and Keller (2016) state that product quality is the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs.

2.2.2 Dimension of Product Quality

According to Tjiptono (2019), the dimensions of product quality consist of:

1. Performance is the core product's main operating characteristic (core product) purchased, for example, speed, fuel consumption, number of passengers that can be transported, ease and comfort in driving, and so on.

2. Features, namely secondary or complementary characteristics, for example, interior and exterior fittings such as dashboard, air conditioning, sound, and so on.
3. Reliability, namely the low probability of being damaged or failing to use, for example, the car does not often crash/jam/fuss / break down.
4. Conformance is the extent to which design and operating characteristics meet predetermined standards. For example, safety standards and emissions are met, such as the axle's size for a truck; of course, it must be bigger than a sedan.
5. Durability is related to how long the product can continue to be used. This dimension includes both the technological age and the economic age of using the car.
6. Serviceability is said to be of quality if the product can be repaired easily and cheaply.
7. The aesthetic is the attraction of the product to the five senses.
8. Perceived Quality, Is the customer's perception of the perceived quality of a product

2.3 Process

According to Lovelock and Wirtz (2016) creating and delivering product elements requires design and implementation of effective processes. Badly designed service processes lead to slow, bureaucratic, and ineffective service delivery, wasted time, and a disappointing experience for customers. Poor service process design also makes it difficult for frontline employees to do their jobs well, resulting in low productivity and employee dissatisfaction.

2.4 Service

According to Kotler and Armstrong (2017), a service is an activity, benefit or satisfaction offered for sale that is essentially intangible and does not result in the ownership of anything. Services are economic activities performed by one party to another. Often time-based, these performances bring about desired results to recipients, objects, or other assets (Lovelock and Wirtz, 2016).

2.4.1 Service Quality

According to Ford and Sturman (2012) service quality is the difference between the service that the consumer expects to receive and the service that the consumer actually get. Service quality will become a very important element when products sold to consumers are in the service sector. Zeithaml, Bitner and Gremler (2018) also state service quality is a critical element of customer perceptions and may also be critical in determining customer satisfaction.

2.4.2 Dimension of Service Quality

According to Zeithaml, Bitner, and Gremler (2018), service quality indicators are as follows:

1. Reliability defined as the ability to perform the promised service dependably and accurately.
2. Responsiveness is the willingness to help customers and to provide prompt service.
3. Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire customer trust and confidence.
4. Emphaty is defined as the caring, individualized attention that the firm provides its customers.
5. Tangibles are defined as the appearance of physical facilities equipment, personnel, and communication materials.

2.5 Promotion

Promotion is one of the 7Ps in the service marketing mix. Kotler and Armstrong (2017) state promotion means activities that communicate the merits of the product and persuade target customers to buy it. Promotion is a type of communication that provides convincing explanations for potential consumers about goods and services (Alma, 2012). From this definition, the author concludes that promotion is one of the elements in a marketing mix that uses communication or promotion mix to promote ideas and sell by persuading the target market about the product value from the company and creating exchange through marketing.

2.5.1 Types of Promotion

According to Cuellar-Healey (2013), there are five main promotional elements used in developing a firm's.

1. Advertising

Advertising is the most well-known and widespread promotional element and an efficient method to reach a large number of people. You can use advertising to: create awareness of a new product or service, describe its features, suggest usage situations, differentiate it from competitor's offers, induce consumers to buy it, create or enhance its brand image, etc.

2. Personal Selling

Personal selling is the second major promotional strategy and usually involves a face-to-face communication between the seller and the buyer to "close the sale". Under the "push" promotional strategy, the role of the sales force is to encourage intermediaries to buy the product. Under the "pull" strategy their role is to provide support and after-sales service to retailers.

3. Public Relations and Publicity

Public relations and publicity relates to the planned and sustained efforts of a firm to establish and maintain a favorable public image and generate *publicity* aimed at a broad public audience (employees, past and present customers, shareholders, financial institutions, the media, politicians, the general public, etc.). *Publicity* is basically a non-personal, unpaid presentation of a firm, product or service.

4. Sales Promotion

Sales promotion refers to the provision of incentives to the end consumer (*pull strategy*) or to intermediaries (*push strategy*) to stimulate demand for a product. It is normally used in combination with either advertising or personal selling.

5. Direct Marketing

Direct marketing is one of the fastest growing marketing strategies. It is based on the establishment of a direct relationship between a firm offering a product or service and the end consumer, with the goal of making a sale on the spot and eliminating the middleman.

2.6 Customer Purchase Decision

According to Kotler and Armstrong (2017) a purchasing decision is a problem-solving process consisting of analyzing or recognizing needs and wants, disbursing information, assessing selection sources for alternative purchases, purchasing decisions, and post-purchase behavior. Furthermore, according to (Tjiptono, 2019) the purchase decision is one part of consumer behavior. Consumer behavior is an action that is directly involved in obtaining, determining products and services, including the decision-making process that precedes and follows these actions.

2.6.1 Process of Purchase Decision

According to Kotler and Armstrong (2017) buying decision divided of five stages that shows capabilities that arise when an outlooks facing purchase situation from the process of before and after purchasing. And these are as follows;



Source: Kotler and Armstrong (2017)

Figure 2.1 The Buyer Decision Process

1. Problem/need recognition

This step is most important of all the steps in the decision-making process. A purchase transaction cannot be completed unless a need for an item is first desired.

2. Information Search

The information search is the stage where the buyer attempts to locate the best answer to the problem/need identified in stage one.

3. Evaluation of the Alternatives

Now that the information has been gathered, the buyer evaluates the brands and their respective attributes to see if they will deliver the desired problem/need. This particular stage is driven by the buyer's level of involvement or the importance to the buyer. If the buyer has a high focus on the result, then the evaluation process will be extensive; the buyer will potentially review many different products.

4. Purchase Decision

This is the fourth stage and is where the actual purchase is made. This is a critical stage in the decision-making process. The consumer has now settled on which product is the best based on stage one. Also, in this stage, consumers can be easily deterred from purchasing a product by external factors such as negative feedback regarding the product or unforeseen financial obligations.

5. Post-Purchase Behavior

Post-purchase behaviour describes the way a customer thinks, feels, and acts after they have bought something. This is when a customer is assessing whether or not they are happy with their purchase. How they feel will affect whether they make further purchases from the brand.

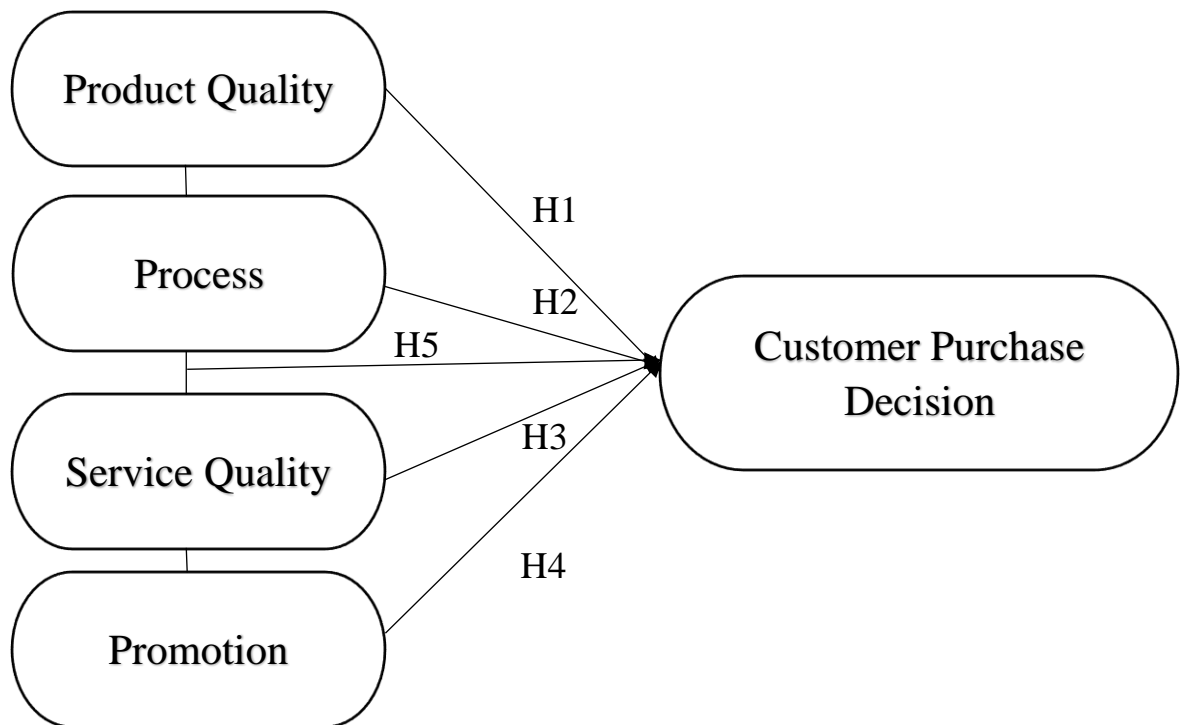
2.7 Previous Research

Table 2.1 Previous Research

No.	Researchers Name	Research Title	Research Variable	Research Output
1	Widyastuti, Pujiharto, Tubastuvi, & Santoso (2020)	The Effect of Marketing Mix on Purchase Decision	Variable Independent (X) : -Products Quality (X1) -Price (X2) -Promotions (X3) -Location (X4) -Service (X5) Variable Dependent (Y) : Purchase Decision (Y)	Quality of product, price, promotion, location, and service simultaneously influence the purchasing decisions of products minimarkets with campus brand.
2	Benazir Rahman, Shobnom Munira, S M Sohel Rana and Md. Sazidur Rahman (2018)	An Empirical Investigation on the Factors Influencing Customers' Decision in Choosing Banks	Variable Independent (X) : -Service Availability (X1) -Service Efficiency (X2) -Promotional Activities (X3) -Transaction Efficiency (X4) Variable Dependent (Y) : Purchase Decision (Y)	All of the selected variables have significant impact over the customer purchase decision tendency except promotional activities and transactional efficiency.
3	Sifana Dwi Pratiwi (2018)	Analysis Marketing Mix- 7P (Product, Price, Promotion, Place, People, Process, and Physical Evidence) On The Decision of Purchase of Products and Services Beauty Clinic Larissa Aesthetic Center.	Variable Independent (X) : -Perceived Value (X1) -Perceived Quality (X2) -Brand Loyalty (X3) Variable Dependent (Y) :Purchase Decision	The study shows that there is a significant impact of two out of three independent variables, quality, and loyalty on the purchase decision, which are the dependent variable in this study.
4	Nurjannah Daulay, (2017)	Effect of Service Quality and Product Quality on Purchasing Decisions. (A Case Study On Ayam Penyet Surabaya Jl. Dr. Mansyur Medan)	Variable Independent (X) : -Service Quality (X1) -Product Quality (X2) Variable Dependent (Y) :Purchase Decision Customer	Service and product quality can improve purchasing decisions.
5	Bambang Dwi Hartono, Elis Yuli Sudayarti, Hapzii (2017)	Creating Purchase Decision of Bank Customers: Analysis of Product Quality, Place, Service Quality	Variable Independent (X) : -Product Quality (X1) -Place (X2) -Service Quality (X3) -Promotion (X4)	Product quality, place, service quality, and promotion can influence consumers in purchasing decisions

		And Promotion (a Case Study on TAPLUS Bisnis Service of BNI Kelapa Dua Depok)	Variable Dependent (Y) :Purchase Decision	
6	Waqas Mehmood, Owais Shafiq (2017)	Impact of Customer Satisfaction, Service Quality, Brand Image on Purchase Intention	Variable Independent (X) : -Brand Image (X1) -Customer Satisfaction (X2) -Service Quality (X3) Variable Dependent (Y) :Purchase Intention	Brand Image, Customer Satisfaction, and Service Quality determine customer purchase intention.
7	Monang Ranto Tambunan, (2013)	Analysis of factors affecting decisions of customers saving at BCA bank, Medan city (china ethnic case study)	Variable Independent (X) : -Product(X1) -Service (X2) -Promotion (X3) -Location (X4) -Credibility (X5) Variable Dependent (Y) :Purchase Decision Customer	products, services, promotions, location, and credibility have a significant effect on the decision of ethnic Chinese customers to save at Bank BCA, Medan City
8	Ridwan Zia Kusumah, (2011)	Analysis of the Influence of Product Quality and Service Quality on Purchasing Decisions at the Waroeng Taman Singosari Restaurant in Semarang	Variable Independent (X) : - Product Quality (X1) -Service Quality (X2) Variable Dependent (Y) :Purchase Decision	Service and product quality can improve purchasing decisions.
9	Ika Putri Iswayanti, (2011)	Analysis of the Effect of Product Quality, Service Quality, Price, and Place on Purchasing Decisions (Study at "Soto Angkring" restaurant in Semarang	Variable Independent (X) : -Product Quality (X1) -Service Quality (X2) -Price (X3) -Place (X4) Variable Dependent (Y) :Purchase Decision	Product quality, service quality, price, and place can influence consumers in purchasing decisions
10	Tilahun Aermiro Tehulu, Gedifew Agalu Wondmageg (2011)	Factors Influencing Customers' Bank Selection Decision in Ethiopia: The Case of Bahir Dar City	Variable Independent (X) : -Speed and Service Quality (X1) -Bank Image and Reputation (X2) -Promotional (X3) Variable Dependent (Y) :Purchase Decision	Product quality, service quality, price and place can influence consumers in purchasing decision.

2.8 Conceptual Framework



Figures 2.2 Conceptual Framework

2.9 Research Hypothesis

- H1 : Product Quality (X1) has contributed significantly towards Customer Purchase Decision (Y) on Bank Central Asia consumers.
- H2 : Process (X2) has contributed significantly towards Customer Purchase Decision (Y) on Bank Central Asia consumers.
- H3 : Service Quality (X3) has contributed significantly towards Customer Purchase Decision (Y) on Bank Central Asia consumers.
- H4 : Promotion (X4) has contributed significantly towards Customer Purchase Decision (Y) on Bank Central Asia consumers.
- H5 : Service Quality (X3) has dominant effect on Customer Purchase Decision (Y)