



Brand Equity Product Quality and Service Quality as Determinants of Customer Satisfaction

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Abstract

This paper explores the causal relationship between brand equity, product quality, and service quality in influencing customer satisfaction, with customer pride serving as an intervening variable. Customer pride, positioned as an intervening variable, mediates this relationship, potentially enhancing the effects of brand equity, product quality, and service quality on customer satisfaction. To analyze, a structural equation modeling approach is applied, based on data collected from 500 respondents, selected according to Lameshow's sampling provisions, from the population of BNI bank customers in Surabaya, Indonesia. The respondents are purposively sampled, with the specific criterion that they must be active customers who have been saving with the bank for at least one year. This targeted approach ensures that the sample includes individuals with substantial experience and engagement with the bank, allowing for more reliable insights into how customer pride may mediate the impact of brand equity, product quality, and service quality on their overall satisfaction. The research demonstrates a positive relationship between service quality and customer satisfaction, indicating that higher service quality directly contributes to increased satisfaction among customers. Additionally, findings reveal that brand equity, product quality, and service quality each positively influence customer pride, highlighting their role in fostering a sense of pride in customers regarding their choice of brand. Among these factors, product quality emerges as the most influential, having a dominant effect on customer pride. This suggests that when customers perceive a high level of product quality, it not only enhances their satisfaction but also reinforces their pride in associating with the brand, thereby strengthening their loyalty and overall engagement.

Keywords: Brand Equity, Customer Satisfaction, Service Quality

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1. INTRODUCTION

In the service industry, particularly in sectors like banking, service quality is essential for sustaining customer satisfaction (Wadud, 2022; Beerli & Martin, 2004; Bloemer et al., 1998). Effective service enhances brand equity and fosters customer pride, making it a key indicator of a company's success (Farhadi, 2021; Chan, 2010). When customers experience high-quality service, they are more likely to develop a strong sense of loyalty and pride in associating with the brand, which positively impacts their overall perception of the company. Many researchers agree that customer satisfaction is a valuable measure of service quality (Quader, 2024; Aliansyah, 2014; Atmojo, 2011). Parasuraman's disconfirmation model and the Servqual scale are widely used frameworks for assessing service quality. According to the disconfirmation model, customer satisfaction is defined by the gap between consumer perceptions and expectations. When a service provider meets or surpasses customer expectations, consumers develop a positive perception, reinforcing their satisfaction. The Servqual scale further refines this assessment by evaluating five key dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. Together, these models provide a comprehensive view of how well service providers meet or exceed consumer expectations, ultimately influencing brand equity and customer pride.

Service quality has emerged as a vital factor in securing a competitive advantage in today's banking industry. Since banking products are relatively easy to replicate, what sets one bank apart from another is often the quality of service it provides (Challoumis, & Eriotis, 2024). This focus on service quality becomes even more crucial as customers increasingly seek more than just basic financial products; they look for trustworthy relationships, personalized interactions, and seamless experiences. Recognizing this need for differentiation, Othman and Owen (2008) developed the Carter model to measure service quality specifically within the banking sector. The Carter model encompasses six dimensions that collectively capture the unique elements of banking services. Compliance is central to the model, emphasizing a bank's adherence to regulatory standards and ethical practices. This dimension reassures customers that their chosen bank operates with integrity, which is particularly important in an industry built on trust. Assurance reflects the bank's ability to inspire confidence through knowledgeable and courteous staff who can provide clear and accurate information, further strengthening customers' trust. Reliability, another key dimension, relates to the consistent and dependable delivery of services. Customers expect their transactions to be handled accurately, and they value banks that can reliably meet these expectations (Kaur et al., 2021). Tangibles are also considered within the model, as the appearance of physical facilities, equipment, and staff can influence customers' perceptions of professionalism and service quality. A bank's environment, from its branches to the appearance of its employees, can create a sense of comfort and credibility

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that enhances the overall experience. Empathy, another dimension, reflects the bank's capacity to show genuine care for its customers' needs, fostering personalized interactions that make customers feel valued. This attention to individual needs can be a significant factor in customer retention, as clients tend to return to institutions where they feel understood and appreciated. Lastly, responsiveness captures the bank's ability to address customer inquiries and concerns promptly and efficiently. This agility in service, especially in today's fast-paced world, meets the growing demand for quick and effective solutions (Kaur et al., 2021). By addressing these dimensions, the Carter model offers a structured approach for banks to assess and enhance their service quality. These elements combined help create a well-rounded banking experience, reinforcing customer loyalty and enhancing the bank's reputation. In an industry where products are similar and easily imitated, service quality becomes the defining element of customer preference and loyalty, highlighting its role as a key differentiator in the competitive landscape. This model serves as a valuable tool for banks aiming to not only retain customers but also attract new ones, establishing a competitive edge through the continuous improvement of service quality (Abdul, 2023).

Enhancing service quality is a powerful strategy for banks to improve their competitiveness, as it directly impacts customer satisfaction (Shahabuddin & Ali, 2024; Yavas et al., 1997). When banks deliver high-quality service, they not only satisfy customers but also distinguish themselves from competitors in an industry where products and services are often similar. Quality service fosters a sense of reliability and value, which can be a strong differentiator for a service-based company. According to Kotler (2020), the key to achieving this differentiation lies in meeting or exceeding the service quality expectations of target consumers. When customers feel their needs are being understood and met, they are more likely to develop loyalty and satisfaction with the brand. Numerous studies have established a positive relationship between service quality, brand equity, customer pride, and customer satisfaction (Dabholkar et al., 2000). In the banking sector, researchers have also highlighted the impact of service quality, brand equity, product quality, and customer pride on overall customer satisfaction (Iqbal & Abbas, 2024; Ndubisi & Wah, 2005). When a bank consistently delivers high-quality service, it not only strengthens brand equity by building trust and credibility but also enhances customer pride. Customers who take pride in associating with a bank are likely to promote it to others, creating a valuable cycle of positive reinforcement for the brand.

Service quality in banking can yield multiple strategic advantages beyond customer satisfaction. For instance, it can increase customer value by ensuring that clients feel they are receiving the best possible service for their investment. Enhanced service quality also promotes customer pride, which can translate into stronger brand loyalty and advocacy (Kaur et al., 2021). Additionally, when service quality is optimized, it can improve operational efficiency. This efficiency leads to cost savings and higher productivity, which, in turn, benefits both the bank and its customers. Ultimately, by focusing on service quality as a core element of their competitive strategy, banks can realize a broad array of benefits that extend beyond individual customer satisfaction. This approach not only attracts and retains customers but also strengthens the brand's reputation in the marketplace. By investing in the continuous improvement of service quality, banks can position themselves as leaders in the industry, ensuring long-term growth and customer loyalty. Customer satisfaction in banking is influenced by multiple factors, including product quality and brand equity, both of which play crucial roles in fostering customer pride and loyalty. Research by Setiawan et al. (2016) establishes a strong link between product quality and customer satisfaction, while studies by Febrian & Ahluwalia (2020) confirm the impact of brand equity on satisfaction levels. Banks like BNI recognize that the unique value of their products and services is essential for building a loyal customer base. Satisfied customers are more likely to speak positively about the bank and maintain their loyalty over the long term. To support this, BNI has made consistent efforts to strengthen its brand equity, understanding that customer satisfaction is integral to achieving broader company goals.

In line with core banking principles, banks aim to deliver products that not only meet but exceed customer needs. However, even exceptional products alone are insufficient to retain customers. A combination of high-quality products, excellent service, and robust brand equity collectively fosters customer pride, which can significantly enhance customer satisfaction (Ibrahim & Rasheed, 2024; Babin et al., 2005). When customers feel proud of their association with a bank, it deepens their connection to the brand, making them more likely to continue their relationship with the bank and recommend it to others. High service quality has additional benefits for banks, including financial gains. Studies by Panjaitan & Djunaedi (2017) indicate that superior service quality can lead to higher profitability for the company. One advantage of this enhanced quality is its ability to increase customer savings (Abdul, 2023; Bloemer et al., 1998; Beerli & Martin, 2004). As customers perceive greater value in their banking experience, they tend to increase their savings, which in turn supports the bank's profitability (Panjaitan et al., 2020). Despite the extensive research on service quality, product quality, brand equity, and customer satisfaction, a gap remains in studies that explicitly consider customer pride as an intervening variable in this relationship. This research introduces a novel approach by incorporating customer pride as an intermediary factor that links product quality, service quality, and brand equity to customer satisfaction. By examining customer pride's mediating role, this study provides fresh insights into how banks can cultivate a deeper sense of connection and satisfaction among their customers, contributing a unique perspective to the field of banking customer satisfaction.

2. LITERATURE REVIEW

Customer satisfaction is defined as the sense of pleasure or disappointment that emerges when a customer compares the perceived performance of a product or service to their expectations. Achieving customer satisfaction requires companies to remain vigilant in understanding the evolving needs and desires of their customers, which can shift frequently in response to trends, innovations, and personal preferences (Prasilowati et al., 2021). Consequently, companies must be

adaptive, constantly gathering insights to stay aligned with customer expectations and preferences. Numerous studies have explored the concept of customer satisfaction, focusing on both service and product dimensions, emphasizing the critical role of satisfaction in retaining customers and building brand loyalty (Singh et al., 2023; Tahir et al., 2024). In this study, we introduce a research model that integrates brand equity, product quality, service quality, customer pride, and customer satisfaction, with customer pride positioned as an intervening variable. This model aims to capture the full spectrum of factors that contribute to customer satisfaction, proposing that customer pride—the positive association and personal investment customers feel toward a brand—plays a mediating role between brand equity, product quality, service quality, and overall satisfaction.

By incorporating customer pride as an intervening variable, the model seeks to provide a deeper understanding of how companies can foster not only satisfaction but also a sense of pride in their customers. When customers feel proud to be associated with a brand, their satisfaction can be more profound and enduring. This approach allows us to explore how companies can leverage customer pride, driven by high-quality products, strong brand equity, and excellent service, to achieve a more lasting and meaningful impact on customer satisfaction. Further supporting the impact of brand equity, Rajendra et al. (2020) show that brand equity not only fosters customer trust but also positively impacts customer pride, which in turn can influence significant financial decisions, such as saving with a brand-aligned bank. On the other hand, Primary et al. (2019) found that while brand identification and ideal self-congruence are valued, they do not necessarily impact customer satisfaction. This finding points to a nuanced relationship between self-congruence and satisfaction, suggesting that customers might appreciate brand alignment with their ideal selves but still weigh functional aspects of service quality more heavily in their overall satisfaction.

In a related study, Kristinasari (2020) demonstrates that brand awareness and an affective attitude (emotional connection to the brand) positively affect perceived quality, which in turn enhances consumer satisfaction. However, Kristinasari also notes that brand pride does not directly influence perceived quality, indicating that while pride can enhance loyalty and personal investment in a brand, it may not directly shape perceptions of product or service quality. Susanty & Eirene (2015) expand on the factors influencing customer satisfaction by showing that physical quality, ideal self-congruence, and lifestyle congruence all contribute to satisfaction, suggesting that tangible product quality and alignment with lifestyle aspirations significantly enhance the customer experience. These insights collectively highlight the complex and multifaceted nature of brand equity, where factors like brand alignment with self-concept, product quality, lifestyle congruence, and customer trust intersect. Together, they shape how customers feel about a brand, with brand pride and satisfaction emerging as critical outcomes that affect long-term customer loyalty and engagement. In today's evolving market, understanding and leveraging these nuanced relationships offer brands a competitive edge, helping them create memorable experiences that resonate with both current and prospective customers.

Vieira (2020) highlights that growing environmental awareness has significantly influenced consumer behavior, with an increasing number of people expressing a preference for environmentally friendly products. Vieira's research shows that consumers of organic products demonstrate a notably higher level of environmental concern compared to those purchasing premium products. The study further reveals that satisfaction with purchases is moderated by the consumer's environmental values; organic products are widely regarded as healthier than premium alternatives. Interestingly, factors like price and quality do not significantly impact perceptions of organic products. Instead, these perceptions are powerfully shaped by the feeling of consumer pride. Vieira's findings emphasize that pride acts as a mediator for consumer satisfaction based on the type of product chosen. Consumers report a stronger sense of pride when purchasing organic products compared to premium ones, suggesting that the environmental and health values associated with organic products contribute to a more fulfilling consumer experience.

Purnomo (2020) adds to this discussion by demonstrating that product quality directly influences customer satisfaction and subsequent word-of-mouth recommendations. Moreover, Purnomo's study identifies customer satisfaction as a mediating factor in the relationship between product quality and word of mouth. This indicates that high product quality not only enhances satisfaction but also drives consumers to share their positive experiences, amplifying the product's reputation through organic, peer-to-peer communication. This process suggests that consumer pride and satisfaction play vital roles in how consumers perceive, value, and promote environmentally and quality-driven products, with organic products benefiting particularly from the pride consumers feel in making sustainable choices. Together, these studies underline the importance of aligning product offerings with consumer values. For products like organic goods, where environmental values and personal pride are significant, companies can benefit from emphasizing these aspects in their marketing strategies. By fostering a sense of pride in environmentally friendly choices, brands can enhance customer satisfaction, and loyalty, and encourage word of mouth, building a reputation that resonates with an increasingly eco-conscious market. Service quality is fundamentally about meeting customer needs and desires while ensuring that delivery aligns with customer expectations. In the banking sector, it is crucial to focus on maximizing customer involvement, pride, and perceived value. Research by Setyono et al. (2021) highlights the significant influence of service quality on customer pride, demonstrating that when banks provide high-quality service, customers not only feel satisfied but also develop a sense of pride in their choice of bank. This pride further enhances customer value, indicating a strong interconnection between these elements. Komalasari (2017) reinforces this idea by showing that the quality of banking services has a positive and significant effect on customer satisfaction. Satisfied customers are more likely to engage with the bank, creating a cycle of loyalty and repeated business. Similarly, Panjaitan & Komari (2018) find that customer pride positively influences the company's image, which in turn affects customer satisfaction. Here, customer pride acts as a mediator, suggesting that when customers feel proud of their relationship with a bank, it enhances their perception of the bank's image, leading to higher levels of satisfaction. The work of Nandy & Sondhi (2022) delves deeper into the concept

of brand pride, emphasizing its role in shaping consumer-brand relationships. Their research indicates that understanding brand pride can offer valuable insights into emotional branding, which is increasingly important for both academics and practitioners. As emotional connections to brands become more significant, fostering brand pride can be seen as a strategic approach to enhancing customer loyalty and satisfaction.

Furthermore, Tumbel (2009) explores the interconnectedness of various factors, showing that pride, trust, service quality, and customer value all have a positive and significant impact on customer satisfaction. This indicates that building trust and providing quality service are not just standalone initiatives but are part of a broader strategy to cultivate customer pride and enhance overall satisfaction. Indaryani (2015) further supports this view by asserting that service quality directly influences customer trust and pride, underlining the essential role that high-quality service plays in establishing strong customer relationships. The findings across these studies underscore the importance of service quality in the banking sector as a driver of customer pride, trust, and satisfaction. By focusing on these interconnected elements, banks can create a positive feedback loop that not only enhances customer engagement but also strengthens the overall brand image and loyalty in a competitive marketplace. This holistic approach to service quality and customer relationship management can lead to sustainable growth and success in the banking industry.

3. THE MODEL

Based on the literature review presented, a research framework has been developed to elucidate the relationships between the identified variables. The functional model can be expressed as follows: customer satisfaction = $f(\text{brand equity, product quality, service quality})$. This framework suggests that customer satisfaction is influenced by three key factors: brand equity, product quality, and service quality. To gather data for this study, a questionnaire was utilized, employing a 5-point Likert scale to measure respondents' perceptions and experiences. The variable of brand equity is assessed using four indicators adapted from Xu et al., (2022), Shimp (2014), and Aaker (2019): brand awareness, brand association, perceived quality, and brand loyalty. Product quality is measured through four indicators taken from Zhao et al., (2022), Garvin and Lovelock (2004): performance, features, reliability, and conformance. For service quality, six indicators from Othman and Owen (2008) and Zeithaml et al. (2000) are utilized: tangibles, reliability, responsiveness, assurance, empathy, and compliance. Customer pride is evaluated using five indicators derived from Fazal (2013), which include positive word of mouth, display of affiliation, customer acquisition, pro-organization self-actualization, and brand loyalty. Lastly, customer satisfaction is measured through three indicators based on the works of Oliver (2014) and Kotler (2020): perceived quality, perceived value, and customer expectations.

The descriptive data analysis was conducted with a sample of 500 respondents, revealing interesting demographic characteristics. The gender distribution indicates a predominance of male respondents, comprising 64.6% of the sample, compared to 35.4% of female respondents. Age analysis shows that 24.0% of the respondents are aged between 17 and 30 years, while the largest segment, 40.8%, falls within the 31 to 40-year age range. Regarding educational background, the majority of respondents hold a Diploma, accounting for 60.0% of the sample, while 9.8% possess an Undergraduate degree, and 30.2% have completed High School. In terms of customer tenure, the data shows that 23.7% of respondents have been customers for 1 to 5 years, 3.6% have been customers for less than 1 year, 50.0% for 6 to 10 years, and 22.7% have maintained their customer relationship for more than 10 years. This distribution of demographic characteristics provides a comprehensive context for understanding the perspectives of the respondents and how their experiences may influence the relationships between brand equity, product quality, service quality, and customer satisfaction within the framework of the study. This research framework, combined with the rich demographic data collected, offers valuable insights into how these variables interact and affect customer satisfaction in the banking sector, ultimately contributing to a better understanding of customer behavior and preferences.

4. RESULTS

Table 1 provides the results of a confirmatory factor analysis for five research variables: brand equity, product quality, service quality, customer pride, and customer satisfaction. Each variable includes multiple indicators, with values reported for critical ratio (C.R.), loading factor, and probability, assessing the strength and significance of each indicator in measuring its corresponding latent variable. For brand equity, the indicators display critical ratios of 2.000, 7.134, 6.226, and 6.100, with loading factors ranging from 0.618 to 0.925. The high and significant loading factors, as indicated by probability values of 0.000 for each indicator, suggest that these indicators are well-aligned with the brand equity construct, supporting its validity in the model. Product quality shows similar reliability, with critical ratios of 2.000, 6.213, 6.957, and 6.454, and loading factors between 0.738 and 0.867. Each indicator is statistically significant ($p = 0.000$), confirming that they are effective in capturing the essence of product quality. Service quality is represented by several indicators with critical ratios of 2.000, 5.927, 5.615, 5.807, 5.825, and 6.847. The loading factors range from 0.677 to 0.818, with all indicators showing significant probabilities of 0.000. This suggests a strong alignment between the indicators and the service quality construct, though a slightly lower loading factor for one indicator (0.677) indicates a modestly weaker fit for that specific item. Customer pride is associated with indicators that have critical ratios of 2.000, 6.910, 7.910, 7.892, and 8.569. The loading factors are consistently high, between 0.759 and 0.801, with each indicator being statistically significant at 0.000. These values indicate a strong contribution of each indicator to measuring customer pride, reflecting a reliable construct within the analysis. Customer satisfaction includes indicators with critical ratios of 2.000, 5.826, and 5.627, and loading factors from 0.729 to 0.810. These indicators are all statistically significant, with probabilities of 0.000, confirming their validity in representing customer satisfaction. The confirmatory factor analysis results reveal strong and statistically significant loadings for each indicator across all constructs. The high loading factors,

combined with significant probabilities, support the reliability and validity of the measurement model. Each research variable is effectively captured by its indicators, suggesting a robust model structure for further analysis. The only minor note is the slightly lower loading factor for an indicator in service quality, which, although statistically significant, might benefit from further scrutiny if adjustments to the model are considered.

Table 1: Confirmatory Factor Analysis

Research variables	C. R.	Loading Factor	Probability
Brand equity (Brand)	2.000	0.618	0.000
	7.134	0.925	0.000
	6.226	0.739	0.000
	6.100	0.735	0.000
Product Quality (Prod)	2.000	0.738	0.000
	6.213	0.867	0.000
	6.957	0.689	0.000
Service Quality (Serv)	6.454	0.806	0.000
	2.000	0.799	0.000
Customer Pride (Pride)	5.927	0.677	0.000
	5.615	0.762	0.000
	5.807	0.769	0.000
	5.825	0.818	0.000
	6.847	0.744	0.000
Customer satisfaction (Satis)	2.000	0.787	0.000
	6.910	0.801	0.000
	7.910	0.759	0.000
	7.892	0.763	0.000
	8.569	0.799	0.000
	2.000	0.810	0.000
	5.826	0.729	0.000
	5.627	0.807	0.000

The findings of this study reveal that brand equity significantly influences customer pride among BNI bank customers in Surabaya, with an effect size of 0.226. This indicates that improvements in brand equity directly contribute to enhanced customer pride, suggesting a strong connection between how customers perceive the brand and their pride in associating with it. However, there remains ample opportunity for BNI to further bolster customer pride by focusing on the development of the four key indicators of brand equity: brand awareness, brand association, perceived quality, and brand loyalty. Among these indicators, brand association emerges as the dominant factor contributing to brand equity, followed by perceived quality, brand loyalty, and brand awareness. This suggests that customers in Surabaya have a relatively strong association with the BNI brand, which is a positive sign. Nonetheless, there is room for improvement in this area, particularly concerning brand loyalty and brand awareness, which are identified as the indicators with the lowest contributions to the overall brand equity variable. By addressing these two areas, BNI can enhance customer loyalty and visibility, which are crucial for cultivating a stronger brand presence in the market.

The study highlights that the positive relationship between brand equity and customer pride underscores the importance of strategic initiatives aimed at increasing brand equity. As BNI strengthens its brand through targeted marketing, improved customer engagement, and service excellence, it can expect to see a corresponding rise in customer pride. This pride not only fosters customer loyalty but also encourages positive word-of-mouth and advocacy for the brand, which can significantly impact BNI's reputation and market position. The results indicate that enhancing brand equity is essential for BNI bank in Surabaya to cultivate a greater sense of customer pride. By critically assessing and improving brand awareness, brand association, perceived quality, and brand loyalty, BNI can strengthen its connection with customers and ultimately enhance their satisfaction and loyalty. This approach will not only benefit individual customers but will also contribute to the overall success of BNI's programs and initiatives in the competitive banking landscape. The findings of this study reveal an important indirect effect of brand equity on customer satisfaction among BNI bank customers, mediated by customer pride. This indicates that customer pride serves as a valuable intervening variable in the relationship between brand equity and customer satisfaction. Consequently, enhancing brand equity can lead to increased customer pride, which in turn boosts overall customer satisfaction. This underscores the strategic importance for BNI to focus on building brand equity alongside fostering customer pride to achieve higher satisfaction levels among its clientele.

Moreover, the study found that product quality significantly influences customer pride at BNI Bank, with a strong effect size of 0.957. This suggests that product quality is a critical driver of customer pride, indicating that when customers perceive high product quality, their pride in being associated with the bank increases. However, there remains significant potential to further elevate customer pride through targeted improvements in four key indicators of product quality:

performance, features, reliability, and conformance. These indicators should be prioritized for development within the BNI banking environment in Surabaya, as enhancing them will contribute to a more satisfying customer experience. Among the indicators of product quality, features emerged as the most dominant factor, followed closely by conformance. This suggests that customers appreciate the distinct features of BNI's products, but there is still room for improvement. In contrast, performance and reliability are identified as areas that require more attention, as they currently have the lowest values within the product quality variable. Addressing these aspects will be crucial for BNI to enhance its overall product quality and, by extension, increase customer pride. The study's results further affirm that product quality has a positive relationship with customer pride among BNI bank customers in Surabaya. By continuously improving product quality, BNI can foster a stronger sense of pride in its customers, which is likely to translate into increased loyalty and positive word-of-mouth. This feedback loop highlights the interconnectedness of brand equity, product quality, customer pride, and customer satisfaction, illustrating how strategic enhancements in these areas can lead to substantial benefits for the bank. The insights from this research suggest that BNI should actively pursue improvements in both brand equity and product quality to enhance customer pride, thereby increasing customer satisfaction. By focusing on these critical areas, BNI can strengthen its competitive position in the banking sector, ensuring long-term success and a loyal customer base. This study reveals a significant indirect effect of product quality on customer satisfaction among BNI bank customers, mediated by customer pride. This finding indicates that customer pride serves as an effective intervening variable in the relationship between product quality and customer satisfaction. To enhance customer satisfaction, BNI can focus on improving product quality while simultaneously fostering customer pride, creating a synergistic effect that strengthens overall satisfaction.

Furthermore, the research indicates that service quality also positively influences customer pride at BNI Bank, with an effect size of 0.604. This suggests that enhancing service quality is crucial for bolstering customer pride. However, there remains an opportunity for further improvement by focusing on the six key indicators of service quality: tangibles, reliability, responsiveness, assurance, empathy, and compliance. Addressing these indicators can critically support the success of BNI's programs and elevate customer pride among its clientele in Surabaya. Among the indicators of service quality, empathy stands out as the dominant factor, followed by tangibles, assurance, responsiveness, compliance, and reliability. The positive performance of empathy and tangibles reflects a strong foundation in providing quality service, yet there is room for enhancement in the other four indicators, which currently have lower values. This focus on improvement can lead to better customer experiences and increased pride in association with the BNI brand. The results further illustrate that the factors contributing to service quality positively correlate with customer pride among BNI bank customers. By prioritizing service quality improvements, BNI can stimulate higher levels of customer pride, which in turn fosters greater customer satisfaction.

Additionally, the study highlights that customer pride itself has a direct impact on customer satisfaction, with an effect size of 0.254. This emphasizes the importance of cultivating customer pride, which can be achieved through the development of five key indicators: positive word of mouth, display of affiliation, customer acquisition, pro-organization self-actualization, and brand loyalty. Enhancing these areas will not only boost customer pride but will also translate into higher customer satisfaction levels. The display of affiliation emerges as the most significant indicator of customer pride, followed by brand loyalty, positive word of mouth, pro-organization self-actualization, and customer acquisition. While the display of affiliation and brand loyalty show strong performance, the other three indicators require further attention to enhance their contributions to overall customer pride. The findings of this study underscore the interconnectedness of product quality, service quality, customer pride, and customer satisfaction within BNI Bank in Surabaya. By implementing strategies to improve service quality and cultivate customer pride, BNI can effectively enhance customer satisfaction, solidifying its position in the competitive banking landscape.

5. CONCLUSIONS

The new findings of this study reveal that customer pride serves as an effective intervening variable that connects brand equity, product quality, service quality, and customer satisfaction. This indicates that customer pride plays a crucial role in mediating the relationships among these variables, enhancing our understanding of how they interact within the banking context. Moreover, the study confirms a direct relationship between brand equity, product quality, service quality, and customer pride. This finding suggests that as banks improve their brand equity—through enhanced recognition, positive associations, and perceived quality—they simultaneously boost customer pride. Similarly, high product quality contributes directly to customer pride, indicating that customers feel a stronger sense of loyalty and satisfaction when they perceive the products offered by their bank as being of superior quality. Additionally, service quality plays a pivotal role, as excellent service can foster feelings of pride in customers, reinforcing their connection to the bank. These insights emphasize the importance of cultivating customer pride as part of a broader strategy for enhancing customer satisfaction. By recognizing customer pride as an integral component that links brand equity, product quality, and service quality, banks can develop targeted initiatives aimed at not only meeting but exceeding customer expectations. This approach ultimately leads to stronger customer relationships and loyalty, creating a more robust competitive advantage in the banking industry.

This study highlights the significant role of customer pride as an intervening variable and confirms the direct relationships between the key variables involved, providing valuable insights for banking institutions seeking to enhance their customer engagement and satisfaction strategies. These findings underscore that to enhance customer pride, it is essential to focus on elevating brand equity, improving product quality, and enhancing service quality. By strategically addressing these areas, BNI can foster a stronger sense of pride among its customers, which is critical for building loyalty and satisfaction.

Among the three hypothesized variables influencing customer pride, product quality stands out as having the most significant impact. This indicates that BNI's products are perceived as high-quality and effectively meet customer needs. When customers recognize the quality of the products offered, it bolsters their pride in associating with the bank, leading to greater loyalty and advocacy. However, the findings also suggest that brand equity requires further enhancement, as it currently exerts the least influence on customer pride. This presents an opportunity for BNI to invest in initiatives aimed at strengthening brand equity, such as increasing brand awareness, fostering positive brand associations, and enhancing perceived quality. By developing a more robust brand presence, BNI can create a deeper emotional connection with customers, which will, in turn, positively influence customer pride. Overall, the study emphasizes the importance of a multi-faceted approach to improving customer pride. By prioritizing product quality while also focusing on enhancing brand equity and service quality, BNI can create a comprehensive strategy that not only elevates customer pride but also contributes to overall customer satisfaction and long-term loyalty. This strategic focus is essential for BNI's continued success in a competitive banking landscape.

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