RELATIONSHIP BETWEEN ADVERTISING COST TOWARD CUSTOMER GROWTH OF PT. BANK SYARIAH MEGA INDONESIA

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A thesis presented to the
Faculty of Economics President University
in partial fulfillment of requirements for
Bachelor Degree in Economics Major in Management
DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “RELATIONSHIP BETWEEN ADVERTISING COST TOWARD CUSTOMER GROWTH OF PT. BANK SYARIAH MEGA INDONESIA” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain degree.

Cikarang, Indonesia, October 5th 2010

Yogi Krisnawan
ABSTRACT

Syariah Bank as one of the banks that the main business activity is based on the *syariah* principal that not giving an interest or in *syariah* terminology is called as *riba*. Nowadays the syariah bank has going develop rapidly it is describing by the positive growth of customer in the syariah bank every year, according to the kotler(2003) Promotion have an important role toward customer awareness, one component of promotion mix is advertising so according to the background above The purpose of this research is to analyze the relationship between advertising cost and customer growth in PT. Bank Syariah Mega Indonesia. This research is using secondary data from PT. Bank Syariah Mega Indonesia about advertising cost total amount of customer account The research tool that being use for this thesis are Simple linear regression analysis that $r = 0.381$. That number is indicate that correlation between advertising cost and customer’s growth has a strong relation and positive. As a result of the research that researcher has been done, there are a strong and positive correlation between advertising cost and customer growth in the syariah bank.
ACKNOWLEDGEMENT

First time the researcher like to thank God, savior and father in heaven, Jesus Christ because of His blessing the researcher could finish this thesis with title “Correlation between advertising and service toward customer growth.” The purpose of this thesis is to fulfill the requirements for bachelor degree in Economics majoring in management in President University.

In this research, researcher would like to thank to:

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At the end the researcher is hope that this thesis will coming in hand for the reader and other parties that related to this thesis.
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1.1. Background of the study

In the global market competition at this moment, it is quietly difficult to run several businesses. The business parties are competing each other to be a number one in the market competition. One of the businesses that tightly in the strong business is in banking sector. Bank is kind of financial institution that runs some kind of financial activity such as funding, lending, and others of bank’s service (transfer, clearing, collection). Based on the Indonesian Banking Law No. 10 1998 mention that commercial bank is bank that doing conventional business activity or based in the Syariah principal that on the business is giving the service on the cash flow. Service that give by conventional bank is have general characteristic. For the operational area it can be doing in the whole Indonesian area in fact international (Kashmir (2006).Dasar-dasar Perbankan.).

In the Banking sector there are 2 kind of commercial bank that developing in Indonesia which are Conventional Bank and the Syariah Bank. Syariah bank can be considered as a new type of bank. Either conventional bank or Syariah bank is exactly the same bank but have a different principal. Syariah bank is not to give an interest as a feedback to the customer; it is forbidden based on the Syariah principal. Interest in Syariah bank is called as riba. Riba is forbidden in the Syariah banking system, it is written on Al Qur’an Surat 2: 278-2793:
“Hai orang-orang yang beriman, bertakwalah kepada Allah dan tinggalkanlah sisa riba (yang belum di pungut) jika kamu orang-orang yang beriman. Maka, jika kamu tidak mengerjakan (meninggalkan sisa riba), maka ketahuilah bahwa Allah dan Rasul-Nya akan memerangimu. Dan jika kamu bertobat (dari pengambilan riba) maka bagimu pokok harta mu; kamu tidak mengainaya dan tidak (pula)dianiaya.”

Riba or interest is define as added value on the loan as a feedback even in the several example more specific at this time, riba is definite as interest rate level that has been accepted legally and socially.

technology, especially electronic media and mass media has growing rapidly and has important role to the society. In this globalization era the society will be easier to get their needs and information through the information device like radio, television, internet etc. Banks are not having the effective method to increasing their customers. But a long with this developing technology, the main problem that will be considering is how the company can win this competition in the market through goods or service promotion and developing the service which are the main product to get customer awareness. Every company have a different way to get customer awareness, generally the purpose of company doing the promotion and giving a good service are to increasing the sales of goods or service and after that the last mission of the company doing that things are to get customer satisfaction.

To fulfill customer satisfaction, Company must be considering about satisfaction segmentation of customer, with that promotion has a big influence for fulfill customer needs. Considering that background above, the researcher will discuss about correlation of advertisement focusing in the advertising cost that bank has been paid every month through increasing of the customer of Syariah bank.
1.2. Company Profile

Journey of PT. Bank Syariah Mega Indonesia is beginning with general bank name PT. Bank Umum Tugu that domicile in Jakarta. In 2001, Para Group (PT. Para Global Investindo and PT. Para Rekan Investama), business parties that also manage PT. Bank Mega,Tbk; Trans TV and another company, acquisition PT. Bank Umum Tugu to become a Syariah Bank. The result of that conversion on August 25th 2004 PT. Bank Umum Tugu is officially operating in Syariah with new name PT. Bank Syariah Mega Indonesia.

It will be a full commitment of PT. Para Global Investindo as owner of majority stock to make PT. Bank Syariah Mega Indonesia to become the best syariah bank, implementable by developing this bank through give a strong capital for advancement of syariah bank and economic in Indonesia. The contribute of share holder is the main source for the business to fulfill the market demand that has been increase day by day. With that effort, PT. Bank Syariah Mega Indonesia that have a motto “Untuk Kita Semua” is developing rapidly and also had become a successfully syariah institution that has many achievement.

To attain a certain aim, PT. Bank Syariah Mega Indonesia always holds on to some principal there are professionalism, transparency and carefully. Supporting with latest product and facility, PT. Bank Syariah Mega Indonesia is continues to develop, until now a days our company have 15 working networks that consist about branch office, cash office that spread out in almost every city in Java island and outside Java island.

To facilitate the customer about fulfill their need in financial activity, PT. Bank Syariah Mega Indonesia also cooperate with PT. Arthajasa Pembayaran Elektronis as a parties that facilitate ATM and PT. Rintis Sejahtera as parties that facilitate ATM Prima and Prima debit.
The Vision of our company is to be a Syariah bank that can make proud the country, and the mission of our company is to give and facilitate the customer to doing syariah banking activity, through good teamwork to increase the value of stock for stakeholder. This are the organizational structure of PT. Bank Syariah Mega Indonesia.

Source: PT. Bank Syariah Mega Indonesia
1.3. Problem Identified

From the background above the researcher has identified a problem, for the first time when syariah bank principal has enter the economic system in Indonesia, it has made a controversial in society. According to Eka Satria (2009) it had happen debating between society about syariah economic principal that entering in Indonesia economic system, the controversial is coming from non-muslim people, they argue that syariah principal is a beginning for Indonesia to become an Islamic country, they argue that the product based on the syariah principal is indicate that there are discrimination people in Indonesia. Otherwise according to ANTARA news (2007) the number of customer in Indonesia is increase significantly, this table below will explain that situation.

Table 1.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Account</th>
<th>Increasing of total account</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,400,588</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>2,354,561</td>
<td>953,973</td>
<td>68.11%</td>
</tr>
<tr>
<td>2007</td>
<td>3,358,059</td>
<td>1,003,498</td>
<td>42.62%</td>
</tr>
<tr>
<td>2008</td>
<td>4,363,275</td>
<td>1,005,216</td>
<td>29.93%</td>
</tr>
<tr>
<td>2009</td>
<td>5,224,100</td>
<td>860,825</td>
<td>19.73%</td>
</tr>
</tbody>
</table>

Source: Antara News (2007)
Why this issue could happen? According to the Kotler (2003) building customer’s awareness is related with the promotions, one of the elements of the promotion mix is advertising. So through this background the researcher has found a problem there are, is the advertising that syariah bank does has an impact or correlation with the Increasing of the customer amount. For this thesis the researcher took an example PT. Bank Syariah Mega Indonesia as an object on this thesis.

1.4. Statement of Problem
The researcher has formulated two problems which will represent the key elements of the thesis. Those problems are

   Does advertising cost contribute toward the increasing of customer account in Bank syariah Mega Indonesia?

1.5. Research Objectives
Through this research, the author expects to achieve the several outcomes as the following:

   Identify the contribution of advertising cost toward customer’s growth.

1.6. Significance of Study
1. For academic community
   The result of this research will be increase the knowledge about marketing theory of banking sector and about advertising systematic on the syariah bank.

2. For the Author
   For the author it will be as added marketing knowledge in professionalism. Also through this research, the researcher has more learn how to analyze the customer needs through the statistical, especially bank’s customer.
3. For Organization
   The result of the study could provide *syariah* banks with valuable information regarding advertisement and service that customer needs.

1.7. Theoretical Framework

![Diagram](image)

*Source: Kotler, P (2003)*

1.8. Scope and Limitation

Referring to the topic that I take took. The scope of this study will be as follows:

1. The researcher chooses *syariah* banks as scope of this study, because in reality *syariah* bank still has a lack of customer awareness.
2. The researcher focuses on the advertisement more specific on advertising cost that *syariah* bank has been expend every month toward customer increasing more specific to the third party fund.

1.9. **Definition of Term**

1. Conventional Bank: Bank that in practically in collecting, distributing the fund to the society give an interest that has been decided by bank as a feedback for the customer

2. *Syariah* Bank: Bank that in the main activity, distributing and collecting the fund to the society giving a feedback based on the *syariah* principal.

3. *Riba*: Interest level that has been accepted legally and socially

4. Advertising: a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideals, or services.

5. Media Stories: a real or perceived tendency of journalists and news producers within the mass media to approach both the presentation of particular stories, and the selection of which stories to cover, with an unbalanced perspective.

6. Word of Comment: A written note intended as an explanation, illustration, or criticism of a passage in a book or other writing; an annotation.
2.1. Commercial bank

Commercial bank is one of the financial institution that the main activity to collect the fund from the society and distribute it back to the society with another bank service. And based on the UU No.10/1998 “Bank adalah badan usaha yang menghimpun dana dari masyarakat dalam bentuk simpanan dan menyalurkan ke masyarakat dalam bentuk kredit dan atau bentuk-bentuk lainnya dalam rangka meningkatkan taraf hidup rakyat banyak.”

From the definition above, can be simplify that bank have several main activity that bank do as a business. There are collect the fund, distribute the fund, and bank service. Collect the fund means that bank has collect the fund from the society as a saving fund. The purpose people saving their fund in the bank is to make their fund is save and another purpose is to make their fund as a long term investment, because from the bank the can get an income as an interest from their saving fund. Banks offer several kind of saving that people can choose. There are demand deposit, saving deposit and time deposit.

Distribute the fund it is means bank give a loan as a credit to the people that has propose some kind of letter to the bank. The loan that bank give are separated in the several kind appropriate with the people needs. Before the banks give the loan to the people, the banks must select the appropriate loan, this thing must be doing to avoid the credit problem for example dead loan.
The kind of credit that bank can give to the society such as investment credit, job capital credit, and the trade credit.

Bank provide several service that can help people to doing their banking activity such as transfer, clearing, inkaso, letter of credit, safe deposit box, travelers cheque. The scheme below will be explain bank as a financial institution.

Figure 2.1 Bank’s role

Source: Kasmir(2002)

Based on the UU No.10/1998 there are 2 kind of commercial bank. The bank that the activity is as conventional financial institution and based on Syariah principal (syariah bank).

2.1.1. Syariah Bank

Syariah bank is one of financial institution that the activity is collecting fund and distributing the fund based on the Syariah principal. On the syariah bank added an interest or in the syariah principal called riba is forbidden. Syariah bank use a certain policy based on the syariah principal to give the customer feedback and reward that will be profitable for customer. Syariah bank not give the riba in a saving service, instead syariah bank use revenue or profit loss sharing. For the risk, syariah bank use the risk sharing to the customers. The operational of syariah bank is operating in the real sector and the syariah
bank has a multi product. The syariah bank does not know a negative spread. Syariah bank is operating based on Al-Qur’an, Sunnah, central bank and the government. Basically Syariah bank has the same function with the conventional bank, they collecting the fund from the society (funding), they distribute the fund to the society (lending), and they have a bank service to support their main purpose.

2.1.1.1. Funding
Funding in the Syariah bank are divided into three categories that divided based on the purpose. The categories are:

- The transaction of goods ownership is based on the buy and sell principal
- The transaction of service is based on the rent principal
- The transaction for cooperation that purpose it getting goods and service with the profit sharing principal.

On the first and second categories, the profit level is decided in the front of agreement, product that include in the buy and sell principal are murabahah, salam, ishtisha whereas the product that using rent principal is ijarah. On the third categories the profit level is depending on the amount of profit. The products that include in these categories are musrakah and mudahrabah.

2.1.2.1.1. Buy and sell principal
Buy and sell transaction is divided based on the types of payment and delivering time of goods. The products are:

- Murabahah

Murabahah is kind of transaction that bank will decide the profit. In this transaction bank will has a role as seller and the customer as buyer. The selling price decided by buying price from the bank will be added with the profit from the supplier. The selling price will be written in the agreement and if the agreement
• **Salam**

*Salam* is buying and sell transaction where the good that has been trading is does not exist yet. Bank has a role as a buyer and the customer as a seller. Instead on this transaction quantity, quality, price, and time of delivering must be decided precisely.

• **Istishna**

*Istishna* is looks like *salam*, but in the *istishna* the payment can be done by the bank in the certain period.

2.1.2.1.2. Rent principal (*ijarah*)

*Ijarah* transaction is based on the benefit transferring, actually *ijarah* has a same principal with buying and sell principal but the differences is on the transaction’s object. If on the buying and sell principal the objects in the goods but in the *Ijarah* the objects is service.

2.1.2.1.3. Profit share principal

The product that have this principal consist of *musyarakah* and *mudharabah*:

• **Musyarakah**

The *musyarakah* transaction is based on the pretention of the both side to cooperate and increasing the value of the asset that they have. The *musyarakah* transaction is consist of all business that involve 2 parties or more and they joint their source.

• **Mudharabah**

*Mudharabah* is kind of cooperation agreement between two parties or more which is the capital owner thrusting their capital to the developer with agreement of profit share.

2.1.2.2. **Lending**

Lending activity on the *syariah* bank is divided by two principal there are *wadi’ah* and *mudharabah*
• **Wadi’ah**

*Wadia’ah yad amanah,* in this principal the bank have a responsibility to made the amount on this account have to intact, so the have no right to process the customer’s fund.

• **Mudharabah**

In *mudharabah,* parties that save their fund in the bank is called as *shaibul maal*(capital owner) and the bank as capital organizer is called as *mudharib.* This fund will be use to financing *murabah* or *ijarah.*

### 2.1.2.3. Bank service

*Syariah* bank has a several banking service to the customer with rent and profit as a benefit for the bank. The banks service are likes:

• **Sharf** (Foreign exchange)

*Sharf* is like foreign exchange activity. Trading between two different currency, the transfer must be done in the same time.

• **Ijarah** (rent)

*Ijarah* is service that bank offer to the customer to rent safe deposit box and managing administration (custodian).

### 2.1.2. Conventional Bank

One of kind commercial bank that the main activity is collecting fund from society and distribute the fund to the society and the bank will give a reward as an interest in the certain period. Conventional have 3 main activities doing their business. There are Funding, Lending and another bank service.
2.1.2.1. **Funding**
Funding means that the banks bought the fund from the society, the bank will be offering several type of saving. The general types of saving that bank offering at this time are:

- **Demand Deposit**
  Demand deposit is one of saving type that banks offers, people that have this account can withdrawal their fund with cheque and giro’s bilyet. People that have this account can get a reward as

- **Saving Deposit**
  Saving deposit is one of saving type that the fund can be withdrawal with the condition that bank has made. The withdrawal can be doing by saving book, withdrawal paper and also can be done in the ATM machine.

- **Time Deposit**
  Time deposit is one saving type that have a due date in the certain period, the withdrawal can be done of the saving has a due date that has been done by the bank. But now a day’s time deposit in several banks can be withdrawal anytime but in the certain condition.

2.1.1.2. **Lending**
Lending is kind of activity that bank do by distribute the fund that has be collected to the society. Distributing the fund to the society by giving the loan is usually called as a credit. Before the credit given to the society the bank must be evaluating the credit supplicant, is it proper or not. If this loan is in the form of a line of credit, the funds are drawn down shortly after the agreement is signed. Otherwise, the borrower usually uses the funds from the loan soon after they become available. Bank term loans are very a common kind of lending.

2.1.1.3. **Bank Service**
Bank services is supporting activity that can be support the funding and lending activity. This activity has been made a profit for the bank
and customers; instead the profit is bigger now a day. There are several general service that conventional bank offer to the public. The services are:

- **Transfer**
  Transfer is one of kind bank service that the activity is sending the money from one account to another account, the transfer can be done in the same bank or in the different bank. The transfer can be done locally or international. Every customer that doing the transfer will be giving a certain cost that has been deciding by the bank. Each bank has a different cost for the transfer activity.

- **Clearing**
  Clearing is one of the bank services that the activity is to collect the bank instrument like *Cheque, Bilyet*, etc from out of town or out of the country. The processing of the clearing it is depending on the distance of the claim location usually it will need 1 day. The cost is depending on the bank that doing that service.

- **Collection**
  Collection is one of the bank services that the activity is to collect the bank instrument like *cheque, bilyet*, etc. this service can be doing from out of town and out of country. The processing of collection it is depending on the distance of the claim location it will need 1 week until 1 month.

- **Safe Deposit Box**
  Safe deposit box is service that renting out the box to keep the valuable thing that belong to the customers. The cost will be added depending of the boxes size.
• Credit Card
Credit card is one of the banks service that provide the facilities that can be use to shopping or withdrawal the fund from the customer’s account. Every transaction will have a due date that must be paid by the customers and every transaction will be added an interest if the customer’s did not paid the bill on time.

• Bank Notes
Bank notes are service to trade the foreign currency. Every transaction on the bank notes, the bank will use kurs.

• Letter of Credit (L/C)
Letter of credit is kind of bank service that provide the bank instrument that will be given to the exporter or importer. This letter can be use to pay the export and import activity that has been done before.

2.2. Advertising
According to kotler (2003) advertising is definite as any paid form of non personal presentation and promotion of ideas, goods, or service by any identified sponsor. In small companies, advertising is handled by someone in the sales or marketing department, who works with an advertising agency. A large company will often set up its own department, who works with an advertising agency. A large company will often set up its own department, whose manager reports to the vice president of marketing. Advertising objective can be classified according to weather their aim is to inform, persuade, remind or enforce.

1. Informative advertising aims to create awareness and knowledge of new products or new features of existing product.

2. Persuasive advertisement aims to create liking, preference, conviction and purchase of a product or service.
3. Reminder advertising aims to stimulate repeat purchase of products and services.
4. Reinforcement advertisement aims to convince current purchasers that they made the right choice.

2.2.1. Deciding on the advertisement budget
Although advertising is treated as a current expense, part of it is really an investment that builds up an intangible asset called brand equity. There are five specific factors to consider when setting the advertising budget.

1. Stage in the product life cycle; new products typically receive large advertising budgets to build awareness and to gain consumer trial. Established brands usually are supported with lower advertising budgets as a ratio to sales.

2. Market share and consumer base; high-market share brands usually require less advertising expenditure as a percentage of sales to maintain share.

3. Competition and clutter; in market with a large number of competitors and high advertising spending, a brand must advertise more heavily to be heard. Even simple clutter from advertisements not directly competitive to the brand creates a need for heavier advertising.

4. Advertising frequency; the number of repetitions needed to put across the brand’s message to consumers has an important impact on advertisement budget.

5. Product substitutability; brands in a commodity class (cigarettes, beers) require heavy advertising to establish a differential image. Advertising is also important when a brand can offer unique physical benefits or features.
Advertisers go through 4 steps to develop a creativity strategy: message generation, message evaluation and selection, message execution, and social responsibility review.

2.2.1.1. Message generation
Advertising people have proposed different theories for creating an effective message. Rosser Reeves of ted bates advertising agency favored linking the brand directly to a single benefit, as in “Rolaids spell relief.” Leo burnett and his agency preferred to create a character that expressed the product’s benefits: the garden giant figure suggests that the brand’s frozen vegetables are fresh frozen, vacuum-packed, and packed in butter sauce. Some creative people use a deductive framework for generating advertising messages. John Malony proposed one framework. He saw buyers as expecting one of four types of reward from a product: rational, sensory, social, or ego satisfaction.

2.2.1.2. Message Evaluation and selection
Messages evaluation and selection a good and normally focuses on one core selling proposition. Messages can be rated on desirability, exclusiveness and believability. The advertiser should conduct market research to determine which appeal works best with it is target audience.

2.2.1.3. Message Execution
The messages impact depends not only on what is said, but often more important, on how it is said. Some advertising aim for rational positioning and others for emotional positioning. Message execution can be decisive for highly similar products, such as detergents, cigarettes, coffee and vodka. Any messages can be presented in several executions styles: slice of life, lifestyle, fantasy, mood or image, musical, personality symbol, techmenical expertise, scientific evidence, testimonial, and comparative:

1. Slice of life: This shows one or more persons using the product in normal setting.
2. Lifestyle: The emphasizes how a product fits in with a lifestyle.
3. Fantasy: this Creates a fantasy around the product or its use.
4. Mood or image: this builds an evocative mood or image around the product, such as beauty, love or serenity.
5. Musical: This uses background music or shows one or more persons or cartoon characters singing a song involving the product.
6. Personality symbol: this creates a character that personifies the product
7. Technical Expertise: this shows the company’s expertise and experience in making the product.
8. Scientific evidence: this presents survey or scientific evidence that the brand is preferred or out performs other brands.
9. Testimonial evidence: this features a highly credible, likeable, or expert source endorsing the product.
10. Comparative: this shows a brand, usually the challenger, comparing its qualities to another brand, usually the leader.

2.2.1.4. Social Responsibility review.
Advertisers and their agencies must be sure their “creative” advertising does not overstep social and legal norms. Most marketers work hard to communicate openly and honestly with consumers. Still abuses may occur and public policy makers are developing a substantial body of laws and regulations to govern advertising. Advertisers can enhance their corporate images through advertising that is socially responsible.

2.3. Choosing among major media types
Media planners make their choice among media categories by considering the following variables:

- Target audience habits: for example, radio and television are the most effective media for reaching teenagers.
• Product characteristics: Media types have different potentials for demonstration, visualization, explanation, believability and color. Women’s dresses are best shown in color magazines, and Polaroid cameras are best demonstrated on television.

• Message characteristics: timeliness and information content will influence media choice. A message announcing a major sale tomorrow will require radio, TV, or newspaper. A message containing a great deal of technical data might require specialized magazines or mailings.

• Cost: television is very expensive, whereas newspaper advertising is less expensive. What counts is the cost per thousand exposures.

Another reason is the continuous emergence of new media. Advertorials are print advertising that offer editorial content and are difficult to distinguish from newspaper or magazine contents, infomercials are TV commercial that appear 30 minutes TV show but are advertisement products. These are advertising media that usually use in the business.

• Newspaper has several advantages it flexibility, timeliness, good local market coverage broad acceptance and high believability but newspaper has several limitations there are short life, poor reproduction quality; small “pass along” audience.

• Television has several advantages there are combines sight, sound and motion appealing to the senses; high attention high reach but TV also has some limitations high absolute cost; high clutter; fleeting exposure; less audience selectivity

• Direct mail has several advantages there are audience selectivity flexibility no advertising competition within the same medium but also has several limitations there are relatively high cost “junk mail” image.

• Radio has several advantages there are mass use, high geographic and demographic selectivity; low cost and there are some limitations audio
presentation only; lower attention than television, no standardized rate structures.

- Magazines has several advantages there are high geographic and demographic selectivity, credibility and prestige, high quality reproduction long life but also has some limitations there are long advertising purchase lead time, some waste circulation, no guarantee of position.

- Outdoor has several advantages there are flexibility, high repeat exposure, low cost, low competition but also has several limitations there are limited audience selectivity, creativity limitations.

- Yellow Pages has several advantages there are excellent local coverage, high believability, wide reach and low costs and also has several limitations there are high competition, long advertising purchase lead time and creative limitations.

- Newsletters has several advantages there are very high selectivity, full control, interactive opportunities relative low costs and also have a limitations there is costs could run away.

- Brochures has several advantages flexibility, full control can dramatize messages and also has several disadvantages overproduction could lead to runaway costs.

- Telephone has several advantages many users opportunity to give a personal touch and also have limitations there is relative high cost unless volunteers are used.

- Internet has several advantages there are high selectivity, interactive possibilities and also has disadvantages relatively new media with a low number of users.

2.4. Evaluating advertising effectiveness

There are three major methods of advertising pretesting. There are the consumer feedback method, portfolio tests, and laboratory tests. The
consumer feedback method asks consumer for their reactions to a proposed advertising. They respond to such as question, there are:

- What is the main message you get from this advertising?
- What do you think they want you to know, believe or do?
- How likely is it that this advertising will influence you to undertake the implied action?
- What works well in the advertising and what works poorly?

Portfolio tests is asking consumer to view or listen to portfolio of advertisements, taking as much time as they need. Consumers are then asked to recall all the advertising and their content, aided or unaided by the interviewer. Laboratory tests use equipment to measure physiological reactions heartbeat, blood pressure, pupil dilation, galvanic skin response, perspiration to an advertising or consumers may be asked to turn a knob to indicate their moment to moment liking or interest while viewing sequence material.

2.5. The Consumer Adoption Process

How potential customer does learn about new products, try them and adopt or reject them? According to the Kotler (2003) adoption is an individual decision to become a regular user of a product. The consumer-adoption process is later followed by the consume-loyalty process, which is the concern of the establish producer. There are several stages in the adoption process. The stages are:

- Awareness; The consumer becomes aware of the innovation but lacks information about it.
- Interest: The consumer is stimulated to seek information about the innovation.
- Evaluation: The consumer considers whether to try the innovation.
• Trial: The consumer tries the innovation to improve his or her estimate of its value.
• Adoption: The consumer decides to make full and regular use of the innovation.

This Classification suggests that an innovating firm should research the demographic, psychographic, and media characteristics of innovators and early adopters and direct communications specifically to them. Earlier adopters tend to be younger in age, have higher social status, and more favorable financial position. They utilize a greater number of more cosmopolitan information sources than do later adopters.
Chapter III

METHODOLOGY

3.1. Research Method

This chapter will explain about the methodology that researcher use. This research will apply qualitative method which is using simple linear regression. Quality refers to the what, how, when, and where of a thing, its essence and ambience. Quantitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of thing. In contrast, qualitative research refers to counts and measures of things. Regression is one of the process that predict in systematically about something that possibly could happen in the future according to the information in the past and present that own by researcher to smaller the error (Riduwan, 2009). Quantitative method in this research is used to finding the causal explanation, researching and analyzing the correlation between advertising cost and customer’s growth. For the data that being use by the researcher is the secondary data about advertising cost that Bank syariah X has been expend every month in 3 years (2007-2010), and for the Y variable researcher use secondary data about third party fund that has been record in the bank syariah X every month in 3 years (2007-2010). The purpose of the regression is to observe and predict the dependent variable (Y) if independent variable (X) was found. Simple linear regression can be analyze based on the functional relationship or cause and effect relationship between (X) variable and (Y) variable.
3.2. Research Framework

Figure: 3.1

3.3. Research Instrument

This research is using the secondary data from financial statement of Ban mega syariah in 3 years (2007-2010). From this financial statement the researcher takes the record about advertising cost that bank mega syariah has been expend every month for 3 years (2007-2010), also for the dependent variable the researcher takes the record of third party fund for 3 years.

To gather all of the data, the researcher contact the customer service of the Bank Mega Syariah that reside in Jl. Kapten Tendean Mega tower, asking about permission and gathering the data for the thesis. Through the customer service the researcher was asking to contact the Human Resource department.
and made a permission letter. The researcher use secondary data due to inability of the researcher to collect and process data independently. The letter was given to the Human resource department of Bank Mega syariah in September 27th, 2010.

3.4. Regression Analysis

Regression analysis is a statistical tool for the investigation of relationships between variables. Usually, the investigator seeks to ascertain the causal effect of one variable upon another, the effect of a price increase upon demand, for example, or the effect of changes in the money supply upon the inflation rate. To explore such issues, the investigator assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that they influence. Regression is one of the predicting processes in systematically about something that could be happen in the future based on the past and present information that owned so the error can be smaller (Riduwan, 2009).

3.4.1. Simple Linear Regression

Simple Linear Regression is can be analyze based on the functional correlation or cause and effect relationship independent variable (X) toward dependent variable (Y) (Riduwan, 2009). The concept that being use in this tool is describing below.

\[ Y = a + \beta X \]

Where:

Y = Dependent Variable that projected

X = Independent Variable
a = intercept (value of Y when X = 0)
β = regression coefficient of the independent variable

With a and β formula describing below.

\[ \beta = \frac{n \cdot \Sigma XY - \Sigma X \cdot \Sigma Y}{n \cdot \Sigma X^2 - (\Sigma X)^2} \]

\[ a = \frac{\Sigma Y - \beta \cdot \Sigma X}{n} \]

The researcher use simple linear regression to measure correlation between advertising cost of bank mega syariah that has been expend every month for 3 years and customer’s growth that look by the total amount of the customer’s account.

3.5. Interpreting Results
In interpreting SPSS output, the researcher will only insert table which is necessary to be analyzed in order to make it easier to be understood by the reader. Therefore, the complete SPSS output will be given in Appendices.

3.5.1. Statistical Equation
Statistical equation could be formulated from coefficient table in B column by looking from the value of constant and advertising cost. Since the value of advertising cost is positive so the equation will be added otherwise if the value of advertising cost is negative so the equation will be deducted.

3.5.2. Correlation Analysis
Correlation analysis could be measure from the correlation table under the condition as follow:
- 0 – 0.25 = it indicate that the correlation is low
- 0.25-0.50=it indicate that the correlation is strong enough
• 0.50-0.75=it indicate that the correlation is strong
• 0.75-1.00=it indicate that the correlation is very strong

3.5.3. Hypothesis Test
Hypothesis test is to determine the significant relationship between X and Y. It can be tested using ANNOVA table by comparing the number of significance (sig.) with significance standard which is 0.05.

The hypothesis is as follow:
H₀: There is no significant relationship between Advertising costs with customer growth
H₁: There is significant relationship between advertising costs with customer growth.

With the conditions as follow:
If sig. ≤ 0.05 so H₀ is rejected and H₁ is accepted.
If sig. ≥ 0.05 so H₀ is accepted and H₁ is rejected.

3.5.4. Independence of errors
The Durbin Watson statistic provides a test for significance residual autocorrelation. This assumption is particularly important when the data are collected over the period time. The general measurements are:

• The number of D-W is below -2, it means that there is positive autocorrelation
• The number of D-W is between -2 to +2, it means that there is no autocorrelation
• The number of D-W is above +2, it means that there is negative autocorrelation.
3.5.5. Heterocedascity

How to detect is look at plots of residuals versus predicted value, and be alert for evidence of residuals that are getting larger (i.e. more spread out) as a function of predicted value. If the regression model represents the data correctly, the residuals should be randomly distributed around the line. In detail will explain below:

1. If there is any clear pattern consist of points which create a specific well-ordered pattern, then there is heteroskedasticity exist.
2. If there is no well-ordered pattern, the points are spread between 0 in Y axis, and then there is no heteroskedasticity exist.

3.5.6. Normality

The best test for normally distributed errors is a normal probability plot of the residuals. This is a plot of the fractiles of error distribution versus the normal distribution having the same mean and variance. If the distribution is normal, the points on the plot should fall close to the diagonal line. In detail will explain below:

1. If the spread of the data is around the diagonal line, and keeping up with the diagonal line, then the regression is meet the normality assumption.
2. If the spread of the data is far from the diagonal line and/or not keeping up with the diagonal line, then the regression is not meet the normality assumption.
Chapter IV

ANALYSIS OF DATA AND INTERPRETATION OF RESULT

4.1. Data Processing

In this chapter the researcher will explain about the research result in statistical. This research is use SPSS v16, and as the researcher explains in previous chapter this research is use secondary data that come from PT. Bank Syariah Mega Indonesia.

4.2. Interpretation result of Simple Linear Regression

4.2.1. Regression analysis

- R Square

<table>
<thead>
<tr>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>.381</td>
</tr>
</tbody>
</table>

From the output model table of regression analysis at R square column, it is indicate that 0.381 of variance. R Square is also called as Coefficient Determination that can be calculated by $r^2 \times 100\%$. That 38% value is explained that 38% variability of advertising cost could contribute to the total amount of customer account and the other 62% is explained by other factor outside this model.
• Hypothesis

Table 4.2

<table>
<thead>
<tr>
<th>Sig</th>
<th>.000a</th>
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</table>

Source Output Result SPSS 16.0

From the ANNOVA table, the significance level is 0.0000. One condition of regression model that could be used to predict dependent variable is that the number of significance (sig) must be less or equal than 0.05. Because the probability (0.0000) is much lower than 0.05, it means that $H_0$ is rejected and $H_1$ is accepted; so this regression model can be used to predict a customer’s growth. In other words, advertising cost could influence the increase total amount of customer account.

4.2.2. Correlation analysis

Table 4.3

<table>
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<th>Cost</th>
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<tbody>
<tr>
<td>Pearson correlation ACCOUNT COST</td>
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<td>0.617</td>
</tr>
<tr>
<td>ACCOUNT COST</td>
<td>0.617</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Source Output Result SPSS 16.0

From the correlation table in Pearson correlation result between advertising cost and total customer account it is indicate the number 0.617 it is describing that between advertising cost and total customer account has a very strong correlation, it could be conclude that there relationship between those two variables.
In this case that is indicate that the value of advertising cost is contribute to the increasing toward total amount of customer account in PT. Bank Syariah Mega Indonesia.

### 4.2.3. Statistical Equation

**Table 4.4**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
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<tr>
<td>(Constant)</td>
<td>B</td>
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<tr>
<td></td>
<td>2.059E12</td>
</tr>
<tr>
<td>COST</td>
<td>408.755</td>
</tr>
</tbody>
</table>

Source Output Result SPSS 16.0

From Coefficients table, the b coefficients and constant are used to create the prediction (regression) equation. For this model:

Customer account = 2.059E12 + 408.755 Advertising cost

The constant 2.059E12 it is mentioned that if there is no increase in the advertising cost so customer growth will be Rp 2.059E12. From this equation it is indicate positive result so, it means that between advertising cost and total amount of customer account has positive correlation. For coefficients 408,755 it means that If advertising cost increase Rp1.00 so the costumer account will increase Rp408,755.
4.2.4. Independence of errors test

Table 4.5

<table>
<thead>
<tr>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>.280</td>
</tr>
</tbody>
</table>

Source output SPSS 16.0

The number in D-W is .280 which means that there is no autocorrelation problem due to +.280 is in between of -2 to +2. So, the regression model is significant and valid.

4.2.5. Normality test

Normal P-P Plot of Regression Standardized Residual

Source data result from SPSS 16.0
The normal probability plot (normal p-p plot) is a test of normal distributed residual error. From the graphic above it is indicate that data is make a line pattern from left bottom to upper right. Otherwise, the pattern is not perfect but it still that this data can be use to predict the correlation between advertising cost and total customer account.

4.2.6. Heterocedascity Test

Scatterplot

![Scatterplot Graph]

Figure 4.2
Source output result 16.0

From the scatterplot graphic, it can be used to detect certain pattern where X and Y axis are already predicted and X axis is the residual (Y prediction – Y real) that has been standardized. The points is distributed randomly and does not form certain pattern, it means that there is homoscedascity in this regression.
Chapter V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

From the research that researcher has done before, the researcher can take some conclusion that has been described as:

1. According to the research, the researcher can conclude from the statistical result it is describing that there are strong and positive relationship between advertising cost and customer growth, the customer growth is represented by total amount of customer account.

2. Every value added in advertising cost will contribute to the total customer amount in Bank Syariah Mega Indonesia, these indicate with statistical equation that has been describe in chapter 4.

3. The advertising cost has contributed as big as 38% toward customer growth, 62% is contributed with another factor that not describing in this model.

4. From this research it has been identified that H0 about there are no correlation between advertising cost and customer growth has been rejected and Ha about there is strong and positive correlation between advertising cost and customer growth has been accepted it its indicate that there are strong and positive correlation between those two variable.

5.2. Recommendation

From the conclusion above the researcher want to giving recommendation, that will described below:

1. For future research Some recommendations, the next researcher should be add more variables which are considered Customer growth in Syariah Bank. As we may know, there are a lot of factors that could affect Customer growth, not only from the advertising cost. The examples of
suggested variables are Service Quality, more over in the promotion mix. The author hopes by adding more variable in the future research, it may give more knowledge in this field of study.

2. For the organization the company should decide wisely about advertising media that will be use by the company, because of the advertising media is need a big cost to made the advertising. So the company should decide wisely about the advertising media that will be use so the advertising cost could be reduce and it can be more efficient and effective toward customer growth.

3. The organization should try advertising media that has a lower cost such as Twitter, Facebook and another social networking on the internet.

4. Because of Syariah bank is a service company, so the company should take the advertising media that can give the customer or customer’s candidate the information of that company in detail, such as Newspaper, Brochure, Internet, and Mail.
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b. Dependent Variable: ACCOUNT

Model Summary

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a. Predictors: (Constant)

b. Dependent Variable: ACCOUNT
### Model Summary

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a. Predictors: (Constant), COST

b. Dependent Variable: ACCOUNT

### ANOVA

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a. Predictors: (Constant), COST

b. Dependent Variable: ACCOUNT

### Coefficients

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<th>Standardized Coefficients</th>
<th>95% Confidence Interval for B</th>
<th>Collinearity Statistics</th>
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<td>Beta</td>
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a. Dependent Variable: ACCOUNT

### Coefficient Correlations

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a. Dependent Variable: ACCOUNT

### Collinearity Diagnostics

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Normal P-P Plot of Regression Standardized Residual

Dependent Variable: ACCOUNT

Expected Cum Prob vs. Observed Cum Prob
### RESULT OF REGRESSION ANALYSIS

#### Descriptive Statistics

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#### Correlations

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<thead>
<tr>
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<tbody>
<tr>
<td>Pearson Correlation</td>
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<td>COST</td>
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#### Variables Entered/Removed

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<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
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a. All requested variables entered.
b. Dependent Variable: ACCOUNT

#### Model Summary

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<th>Adjusted R Square</th>
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<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
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a. Predictors: (Constant), COST
b. Dependent Variable: ACCOUNT
### ANOVA

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<th>df</th>
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a. Predictors: (Constant), COST  
b. Dependent Variable: ACCOUNT

### Coefficients

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<th>Model</th>
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<th>Standardized Coefficients</th>
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<th>Collinearity Statistics</th>
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<td>B</td>
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<td>Beta</td>
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a. Dependent Variable: ACCOUNT

### Coefficient Correlations

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a. Dependent Variable: ACCOUNT

### Collinearity Diagnostics

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<th>Variance Proportions</th>
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<td>(Constant)</td>
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a. Dependent Variable: ACCOUNT
# Residuals Statistics

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<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
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a. Dependent Variable: ACCOUNT
References


