Analysis of the Effect of Service Quality on Customer Loyalty in Mediation by Customer Satisfaction at Loka Supermarket Cibubur

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Abstract

The purpose of this research is to study the influence of service quality on customer satisfaction and its impact on customer loyalty at Loka Supermarket Cibubur and to provide suggestions on how Loka Supermarket can increase customer loyalty by increasing the aspects that influence it. The research approach is quantitative research in accordance with data collection in the form of distributing questionnaires to 150 respondents. The results of this study indicate that each of the quality dimensions directly has a positive and significant effect on customer satisfaction at Loka Supermarket Cibubur. Customer satisfaction directly has a positive and significant effect on customer loyalty. And each dimension of service quality indirectly affects customer loyalty through customer satisfaction.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty.

A. INTRODUCTION

Basically the goal of a business is to create satisfied customers. The creation of customer satisfaction can provide several benefits, including a harmonious relationship between the company and its customers, providing a good basis for repurchasing and creating customer satisfaction, and beneficial word of mouth recommendations for the company. All companies want to continue to exist and be superior. To survive in the business world, a company must be able to establish the right strategy and techniques. An important step in placing a service company in order to be superior, one of which is to be able to provide quality services. Companies are required to continue to make improvements, especially in the quality of their services. Service quality can be interpreted as an effort to fulfill customer needs and desires as well as the accuracy of its delivery in balancing customer expectations.

It's just that, the current very competitive business competition requires every company to be able to adapt, read and see the existing situation in order to be able to manage its management functions properly, starting from the fields of production, marketing, personnel, to finance so that they are able to ahead of its competitors. The level of competition in the business world in the current era of globalization is getting tougher, where every company is always trying to reach new customers and trying to increase their market share. Companies are required to be able to determine the right marketing strategy so that their business can survive and win the
competition that appears. Basically in the business world, if there are more competitors, there will be more

Therefore, customers, both large and small, are very influential on the survival of the company, especially those engaged in selling products such as supermarkets, because for supermarkets, customers are a source of income. The more customers, the more income the company can get, on the other hand, the fewer customers, the less income the supermarket can get. By understanding the needs, wants and demands of customers, it will provide important input for supermarkets to design marketing strategies in order to create satisfaction for their customers.

Satisfaction is the level of a person’s feelings after comparing the performance or results he feels with his expectations. Meanwhile, a customer is a person or group who comes or continuously and repeatedly comes to the same place to satisfy desires by having a product or getting a service. So, customer satisfaction is a condition in which the wishes, expectations and needs of the customer are met. Thus, it is clear that customer satisfaction is the customer’s evaluation of the product or service received whether it is in accordance with the needs and expectations of the customer. Furthermore, it is said that customer satisfaction is influenced by specific product characteristics or service quality and by perceptions of quality (Koeswara et al., 2009).

The development of supermarket retail businesses is currently progressing rapidly in practice. The profit generated in conducting the business encourages other shopping centers to offer various advantages to customers. Currently, supermarket business actors are required to be able to read segments of society in meeting their daily needs. Like Loka Supermarket Cibubur, which is competing to provide the best for customer needs. Loka is a supermarket that puts forward a lifestyle that was fully developed by the Mahadya Group and was inaugurated for the first time in July 2014. The name Loka is taken from the word “place”, a vision of making Loka a destination to meet daily needs.

Offering a complete shopping experience for families, Loka is developed with passionate details to bring colorful joy to customers. More than just shopping, customers are treated to a premium atmosphere, friendly and warm service, children’s activities, colorful trolleys, and much more. The exciting experience at Loka is followed by culinary adventures from Food Theater, The Philocoffee and BakerHood.

To be successful in the midst of fierce competition Loka must find ways to attract and retain customers, through producing and achieving the products that customers want at reasonable prices. One form of Loka in understanding customer satisfaction is by always paying attention and evaluating the quality of service that has been provided to customers. Efforts to provide the best service are pursued by always paying attention to the complaint letters submitted by customers. According to existing data, namely in the period 2015 to 2019 there has been an increase in customer complaint letters through the suggestion box at Loka Supermarket. The data can be seen in the table below:
Table 1 Customer Complaints Data at Loka Supermarket Cibubur 2015-2019

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Complaint</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stock of Empty Items</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Packaging defects</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Parking lot</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>The price at the checkout does not match the price on the shelf</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Lack of friendly sales assistant</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td>15</td>
<td>20</td>
</tr>
</tbody>
</table>

Sumber: Loka Supermarket, 2019

Based on the table above, it clearly shows that the complaints of Loka Supermarket customers from 2015 to 2019 show an increase. This increase certainly cannot be tolerated if supermarkets want to innovate in sales to service. In addition, data on customer complaints in the scope of Lokas Supermarket can have an impact on decreasing sales. This is also evidenced by the following data:

Table 2 Sales Data at Cibubur Supermarket Shop 2015-2019

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>Rp. 92.187.549.000,-</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>Rp.89.554.786.000,-</td>
</tr>
<tr>
<td>3</td>
<td>2017</td>
<td>Rp.81.197.444.000,-</td>
</tr>
<tr>
<td>4</td>
<td>2018</td>
<td>Rp.76.859.879.000,-</td>
</tr>
<tr>
<td>5</td>
<td>2019</td>
<td>Rp.75.887.576.000,-</td>
</tr>
</tbody>
</table>

Source: Loka Supermarket, 2019

The two data presented above, show that customer satisfaction is one of the important things to be fulfilled by all business people, if they want to survive and maintain revenue to profit. The importance of customer satisfaction itself will not occur without a form of evaluation using various factors in it. Customer satisfaction which is closely related to service quality is no longer an issue but a fact supported by accurate data. In addition, for Loka Supermarket, loyal customers are very large, meaning that besides describing the amount of profitability obtained through loyal customers, they can also show the image or image of Loka Supermarket in the eyes of the public. This means that loyal customers can become partners in developing new products. Loyal customers are a very valuable asset for Loka Supermarket. Loyal members will reduce the effort to find new customers, give positive feedback to Loka Supermarket.

The first objective of the study was to examine the effect of service quality, customer satisfaction and customer loyalty. The second objective is to analyze and examine the effect of service quality, customer satisfaction and customer loyalty. This research is also expected to contribute to covering the gap of differences from previous studies.
B. LITERATURE REVIEW

1. Service Quality and Customer Satisfaction

Service quality is all forms of activities undertaken by companies to meet consumer expectations. Service as a service or service delivered by service owners in the form of ease, speed, relationship, ability and hospitality which is addressed through attitudes and characteristics in providing services for consumer satisfaction (Firdian, et al., 2012). Service quality is one of the most important things that must be considered by corporate organizations in order to provide satisfactory service to their customers. So it can be said that a product or service is of good quality for someone if the product can meet their needs.

Quality is how to find out what creates value for consumers and companies must provide that value. For that, the company must be able to understand its customers and how to define these customer desires correctly. This is in accordance with the statement of Nindyastari (2014) which shows that satisfaction is a variable that builds customer loyalty for the quality of service provided.

Kuntari et al. (2016) found that service quality has a significant effect on customer satisfaction variables; Service quality variables have a significant effect on customer loyalty and customer satisfaction variables have a significant effect on customer loyalty.

H1: Quality of service reliability directly has a positive and significant effect on customer satisfaction
H2: Responsiveness has a direct positive and significant effect on customer satisfaction
H3: Direct service quality assurance has a positive and significant effect on customer satisfaction
H4: Service quality empathy directly has a positive and significant effect on customer satisfaction
H5: Tangible service quality directly has a positive and significant effect on customer satisfaction

2. Customer Satisfaction and Customer Loyalty

Satisfaction comes from the word "satisfied", namely a statement of feeling for something, while customer satisfaction is the result of customer perceptions of the value received in a transaction or relationship where the value is equal to the perceived service quality relative to the price and costs incurred by the customer (Basith, et al., 2014). Putri & Nurcaya (2013), states that satisfaction is the level of feeling where a person states the results of a comparison of the performance of service products received and expected. High satisfaction is an insurance policy against something that is wrong, which is inevitable because of the diversity associated with the production of services.

Thus it can be interpreted that customer satisfaction is the level of feeling where someone states the comparison results of the performance of the service product received and expected. High satisfaction is an insurance policy against
something that is wrong, which is inevitable because of the diversity associated with the production of services. This theory is supported by research by Nindyastari (2014) which shows that satisfaction is a variable that builds customer loyalty for the quality of service provided.

3. Service Quality, Customer Satisfaction, and Customer Loyalty

Wicaksono (2013) states that loyalty is an attitude that shows a sense of loyalty to something with a sense of love, so that with a high sense of loyalty someone feels no need to get rewarded for doing something for another person / company where he puts his loyalty. According to Sutisna, the notion of consumer loyalty can be defined as a liking attitude towards a brand which is represented in a consistent purchase of the brand over time.

Meanwhile, Amanah (2011) has also explained that loyalty is a high commitment to repurchase a preferred product or service in the future. In other words, consumers will be loyal to make repeated purchases continuously. Purchase loyalty is the behavior of buyers who are loyal to one brand and do not switch to another brand. This theory is supported by Kusuma Wijayanto’s 2015 research, showing that the real service dimensions of quality, reliability, responsiveness, assurance, and mutual empathy affect customer satisfaction. While the customer satisfaction variable also affects customer loyalty.

H6: Service quality reliability directly affects customer loyalty through customer satisfaction
H7: Responsiveness service quality directly affects customer loyalty through customer satisfaction
H8: Service quality assurance directly affects customer loyalty through customer satisfaction
H9: Tangible service quality directly affects customer loyalty through customer satisfaction
H10: Service quality empathy directly affects customer loyalty through customer satisfaction.
H11: Direct customer satisfaction has a positive and significant effect on customer loyalty

C. METHOD

This research was conducted using a quantitative approach because the data used to analyze the relationship between research variables were numbers. This study analyzes the relationship between the influence of service quality, customer satisfaction and customer loyalty. The population in this study were customers with a total of 250 customers and the sample used was 150 respondents. Sampling in this study was conducted by using purposive sample method, namely the sampling technique in which the research sample is all parts. This research data collection using a questionnaire to obtain information about the variables studied. The questionnaire was chosen because the collection mechanism is more efficient, and to
determine the scale of the respondent’s attitude using a Likert scale (Ghozali, 2009). The research instrument test used SPSS 25 on the validity and reliability tests. Hypothesis testing uses Structural Equation Modeling (SEM). The indirect effect through mediating job satisfaction variables uses the Sobel Test (Ghozali, 2011).

D. RESULT AND DISCUSSION

The results of the descriptive analysis show an average score for reliability of responsiveness of 3.64, assurance of 3.79, empathy of 3.65, Tangible of 3.89, customer satisfaction of 3.69 and customer loyalty of 3.96. The results of descriptive analysis of respondents’ answers to each indicator on the variable reliability, responsiveness, assurance, empathy, Tangible, customer satisfaction and customer loyalty found that most respondents answered agree.

SEM Model Analysis Results

Source: SEM data processing, 2020

Figure 1 Full Model Analysis

The results of the goodness of fit full SEM model for this research model can be presented in Table 3 below:
Table 3 Model Suitability Test Results

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Cut off Value</th>
<th>Estimation Result</th>
<th>Evaluation Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square (df = 1529)</td>
<td>Small (&lt; 2039.48)</td>
<td>3704.66</td>
<td>Not Good</td>
</tr>
<tr>
<td>Probability</td>
<td>≥ 0.05</td>
<td>0.000</td>
<td>Not Good</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>≤ 2.00</td>
<td>1.914</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.078</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.95</td>
<td>0.647</td>
<td>Not Good</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.95</td>
<td>0.661</td>
<td>Not Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.591</td>
<td>Not Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.560</td>
<td>Not Good</td>
</tr>
</tbody>
</table>

Source: SEM results, 2020

Based on the results of the feasibility test of the Endogenous variable confirmatory model, it is known that the criteria of chi square, probability, CFI, TLI, GFI and AGFI are included in the non-fit category. However, the CMIN / DF and RMSEA criteria are in the good category. As explained by Solimun in Aryani and Rosinta (2010), if one or more parameters are fit, the model is declared fit. Thus it can be concluded that the predicted model fit with the observed values has met the requirements. Thus the analysis can be continued in hypothesis testing.

Hypothesis Test

Based on the estimated value of the path coefficient known in Standardized Regression Weights, the significance value of the effect is known from the CR (Critical Ratio) value or the probability value (p). The results of the direct effect analysis are presented in the following table:

<table>
<thead>
<tr>
<th>No</th>
<th>Influential Variables</th>
<th>Influenced Variables</th>
<th>Estimated Value</th>
<th>C.R</th>
<th>P</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reliability (X1)</td>
<td>Customer Satisfaction (Y1)</td>
<td>0.239</td>
<td>2.090</td>
<td>0.037</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Responsiveness (X2)</td>
<td>Customer Satisfaction (Y1)</td>
<td>0.204</td>
<td>2.531</td>
<td>0.011</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Assurance (X3)</td>
<td>Customer Satisfaction (Y1)</td>
<td>0.169</td>
<td>2.140</td>
<td>0.032</td>
<td>Significant</td>
</tr>
<tr>
<td>4</td>
<td>Emphaty (X4)</td>
<td>Customer Satisfaction (Y1)</td>
<td>0.286</td>
<td>2.251</td>
<td>0.024</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Tangible (X5)</td>
<td>Customer Satisfaction (Y1)</td>
<td>0.210</td>
<td>2.267</td>
<td>0.023</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Customer Satisfaction (Y1)</td>
<td>Customer Loyalty (Y2)</td>
<td>0.731</td>
<td>5.995</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: SEM results, 2020

Based on the results of SEM analysis, it can be seen that reliability has a positive and significant effect on customer satisfaction. This is evidenced by the critical ratio (CR) value of 2.090 with a probability of 0.037. Because the CR value > 1.96 (Zcritical value for the degree of confidence 95%) and the probability value < 0.05, it can be concluded that Reliability has a significant effect on customer satisfaction.
satisfaction, that the higher the reliability, the lower customer satisfaction, and vice versa. This means that if reliability is increased by 1 point, customer satisfaction will increase by 0.239 (23.9%).

Based on the results of SEM analysis, it can be seen that Responsiveness has a positive and significant effect on customer loyalty. This is evidenced by the CR value of 2.531 with a probability of 0.011. Because the value of CR > 1.96 and probability < 0.05, it can be concluded that Responsiveness has a positive and significant effect on customer satisfaction, so the second hypothesis which states that service quality from the aspect of responsiveness directly has a positive and significant effect on customer satisfaction. The Responsiveness coefficient value is 0.204. This implies that every one-unit increase in responsiveness, the customer satisfaction variable will increase by 0.204 with the assumption that the other independent variables from regression are fixed.

Based on the results of SEM analysis, it can be seen that assurance has a positive and significant effect on customer satisfaction. This is evidenced by the CR value of 2.140 with a probability of 0.032. Because the value of CR > 1.96 and probability < 0.05, it can be concluded that assurance has a positive and significant effect on customer satisfaction, so the third hypothesis which states that service quality from the aspect of assurance directly has a positive and significant effect on customer satisfaction. The value of the Assurance coefficient is 0.169. This implies that every one unit increase in Assurance, the customer satisfaction variable will increase by 0.169 with the assumption that the other independent variables from regression are fixed.

Based on the results of SEM analysis, it can be seen that empathy has a positive and significant effect on customer satisfaction. This is evidenced by the CR value of 2.251 with a probability of 0.024. Therefore, the value of CR > 1.96 and probability < 0.05, it can be concluded that Empathy has a positive and significant effect on customer satisfaction, so the fourth hypothesis which states that service quality from the aspect of empathy directly has a positive effect on customer satisfaction. The value of the empathy coefficient is 0.286. This implies that every one-unit empathy increase, the customer satisfaction variable will increase by 0.286 with the assumption that the other independent variables from regression are fixed.

Based on the results of SEM analysis, it can be seen that tangible has a positive and significant effect on customer satisfaction. This is evidenced by the CR value of 2.267 with a probability of 0.023. Because the value of CR > 1.96 and probability < 0.05, it can be concluded that tangible has a positive and significant effect on customer satisfaction, so the fifth hypothesis which states that service quality from the aspect of tangible directly has a positive effect on customer satisfaction. Tangible coefficient value of 0.210. This implies that every one unit Tangible increase, the customer satisfaction variable will increase by 0.210 with the assumption that the other independent variables from regression are fixed.

Based on the results of SEM analysis, it can be seen that customer satisfaction has a positive and significant effect on customer loyalty. This is evidenced by the CR
value of 5.995 with a probability of 0.000. Because the value of CR > 1.96 and probability < 0.05, it can be concluded that customer satisfaction has a positive and significant effect on customer loyalty, so that the sixth hypothesis which states that customer satisfaction directly has a positive and significant effect on customer loyalty. The value of the customer satisfaction coefficient is 0.731. This implies that each one unit increase in customer satisfaction, the customer loyalty variable will increase by 0.210 with the assumption that the other independent variables from regression are fixed.

Indirect effect is the effect of an exogenous variable on the dependent endogenous variable through an intervening variable or a mediator, namely job satisfaction. To test the indirect effect, the Sobel Test is used. Based on the results of the Sobel Test, the magnitude of the indirect effect can be presented in the following table:

**Table 5 Results of Indirect Influence Analysis through Customer Satisfaction**

<table>
<thead>
<tr>
<th>Exogenous Variables</th>
<th>Endogenous Variables</th>
<th>Intervening Variables</th>
<th>Indirect Effect</th>
<th>C.R</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Customer Loyalty</td>
<td>Customer Satisfaction</td>
<td>0.175</td>
<td>1.973</td>
<td>0.048</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Customer Loyalty</td>
<td>Customer Satisfaction</td>
<td>0.149</td>
<td>2.331</td>
<td>0.019</td>
</tr>
<tr>
<td>Assurance</td>
<td>Customer Loyalty</td>
<td>Customer Satisfaction</td>
<td>0.123</td>
<td>2.015</td>
<td>0.043</td>
</tr>
<tr>
<td>Emphaty</td>
<td>Customer Loyalty</td>
<td>Customer Satisfaction</td>
<td>0.209</td>
<td>2.107</td>
<td>0.035</td>
</tr>
<tr>
<td>Tangible</td>
<td>Customer Loyalty</td>
<td>Customer Satisfaction</td>
<td>0.153</td>
<td>2.120</td>
<td>0.033</td>
</tr>
</tbody>
</table>

Source: Sobel Test Results, 2020

Based on the results of the sobel test, it can be seen that customer satisfaction has a significant effect on the relationship between the Reliability variable and customer loyalty. This is evidenced by the C.R value of 1.973 (CR > 1.96) and a probability of 0.048 (p < 0.05).

Based on the results of the sobel test, it can be seen that customer satisfaction has a significant effect on the relationship between the Responsiveness variable on customer loyalty. This is evidenced by the C.R value of 2.331 (CR > 1.96) and a probability of 0.019 (p < 0.05). Thus the eighth hypothesis which states that service quality from the aspect of responsiveness indirectly affects customer loyalty through customer satisfaction, can be accepted.

Based on the sobel test results, it can be seen that customer satisfaction has a significant effect on the relationship between the Assurance variable and customer loyalty. This is evidenced by the C.R value of 2.015 (CR > 1.96) and a probability of 0.043 (p < 0.05). Thus the ninth hypothesis which states that the quality of service
from the aspect of assurance indirectly affects customer loyalty through customer satisfaction, can be accepted.

Based on the results of the sobel test, it can be seen that customer satisfaction has a significant effect on the relationship between the empathy variable and customer loyalty. This is evidenced by the C.R value of 2.107 (CR > 1.96) and a probability of 0.035 (p < 0.05). Thus the tenth hypothesis which states that service quality from the aspect of empathy indirectly affects customer loyalty through customer satisfaction, can be accepted.

Based on the sobel test results, it can be seen that customer satisfaction has a significant effect on the relationship between Tangible variables and customer loyalty. This is evidenced by the C.R value of 2.120 (CR > 1.96) and a probability of 0.033 (p <0.05). Thus the eleventh hypothesis which states that service quality from the aspect of tangible indirectly affects customer loyalty through customer satisfaction, is acceptable.

E. CONCLUSION

The results of this study indicate that each of the quality dimensions directly has a positive and significant effect on customer satisfaction at Loka Supermarket Cibubur. Customer satisfaction directly has a positive and significant effect on customer loyalty. And each dimension of service quality indirectly affects customer loyalty through customer satisfaction.

REFERENCES


