

**THE INFLUENCE SERVICE QUALITY PRODUCT QUALITY
TO CUSTOMER SATISFACTION
(A CASE STUDY AT MODERN RITEIL IN EAST JAVA)**

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ABSTRACT

The aim of this study is to determinine the influence service quality, product quality to customer satisfaction at modern riteil in East Java, Number of samples in this study there were 120 respondents and at least do some shopping at the store three times. Model analysis of the data using the program SPSS version 20.0, the results of this study stated that the influence of each variable either partially or simultaneously with significant influence toward customer loyalty. Suggestions that expected based on the results of this research that can be used as a reference for further research to develop this research by considering other variables that has not been studied as: (1) pricing and (2) infrastructure

Keyword: Service Quality, Product Quality, Customer Satisfaction,

INTRODUCTION

Trends of modern retail from year to year showed rapid growth so that several cities in East Java is increasingly popping up new retail stores and the average in each sub-district is almost no 3-4 riteil modern stores. Therefore, the retail business is a concern to investors to invest in the retail field. Modern retail store network covers 55 outlets in East Java Hypermarket. 120 supermarket outlets, 1,400 outlets and 30 outlets minimart Department Store nationwide networked (Anggraenny, 2012). According to the Chairman of the Retail Association of East Java, Ibnu (2012), Indonesia's economic growth up to 2012 rises above 6.5%,

while: (1) the consumer sector is still above 55% and investment are still under 30% with thus contributions in island of Java is still dominant, and (2) the highest growth still comes from non-tradable sectors, especially in the transport and communications sector are still over 13%, while the non-tradable sectors such as agriculture and industrial growth below 5%. According to Ma 'ruf in Sutanto and Minantyo (2014), there are three factors that influence the development of retail, among others : economic factors, demographic factors, and socio-cultural factors, in this case the fact that consumers want safe to shop, accessible location, wide variety of products, and can also be used as a place of recreation

REVIEW OF LITERATURE

Service Quality (SQ).

According to Kasper et al. in Shanka (2012) defines service quality as the degree to which the service offered can satisfy the expectations of the user. According to Gro'nroos in Sum and Hui (2009) defined "service quality as a perceived judgment, resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. The author also further declared that the quality of a service is dependent on two variables: expected service and perceived service, and that any previous experience with a service could influence the expectations of a customer, whereas the perceived service is the result of a customer's perception of the service it self". Following the above definitions, service quality has also been described as a form of attitude that results from the comparison of expectations with performance (Bolton and Drew, Parasuraman et al., in Sum and Hui (2009).

According Zeithaml and Bitner in Wei and Ramalu (2011), "service quality (SQ) is defined as a focused evaluation that reflects the customer's of specific dimentions of services provided". Traditionally, service quality has been conceptualized as the difference between customer expectations regarding a service to be received and perceptions of the service being received (Grönroos, in Akbar and Parvez, 2009). For other definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Lewis and Booms; Lehtinen and Lehtinen; Gronroos; Parasuraman et al in Caruana, 2002). The particular perception towards the dimensions of services in influenced by several factors which included the quality service received, the quality of product, the price factor as well as both situational and personal factor (Zeithaml and Bitner in Wei and Ramalu, 2011). The model was named SERQUAL that elaborates Service Quality (SQ) indicating its various constructs namely: tangibles, reliability, responsiveness, empathy and assurance (Naeem and Saif, 2009; Winarso, 2010; Brady & Cronin in Rahman and Si, 2011. Zeithaml et al in Razavi et al, 2012).

According to Berry and Parasuraman in Polyorat and Sophonsiri (2010), these dimensions are defined as: (1) Reliability, (2) Tangibles, (3) Responsiveness, (4) Assurance, (5) Empathy.

Product Quality (PQ).

Product quality (PQ) “is product features matched with 8 dimensions namely, performance, features, conformance, reliability, durability, serviceability, aesthetics, and customer - perceived quality” (Jakpar et al, 2012). Definition, “quality attributes or product quality attributes refer to the cues that could be used by consumers to infer some expected and/or experienced (product) quality; ‘experienced quality’ refers to the result of physical evaluations of the product when experiencing, utilizing, or consuming the product,” whilst ‘expected quality’ refers to the point of purchase, before experiencing or consuming the product. Product quality attributes are also called product quality criteria by (Grunert et al. in Ackaradejruangsri, 2013). According to Kotler and Armstrong in Saidani and Arifin (2012) that product quality is the ability of a product to perform its functions, it includes the product’s overall durability, reliability, precision, ease of operation and repair, and other valued attributes. According to Kotler in Evawati (2012) “the quality of products is expressed as follows quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs”. According to Hidayat (2009), “as a measure of the product quality is the biggest variable and then followed by other variables, is respectively indicators: (1) features; (2) conformance; (3) performance; (4) image”.

Customer Satisfaction (CS)

Customer satisfaction “is defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product” (Tea and Wilton, Oliver in Hanif et al, 2010). According to Band in Musanto (2004) that customer satisfaction is the degree to which the needs, desires, and expectations of customers are met that will result in repeat purchases or continued loyalty”.

For Parasuraman et al. in Rousan et al (2010) “service quality is both the significant differentiator and the most aggressive weapon possessed by many leading service organization”. It has been discovered that leading service organizations endeavor to sustain a superior quality of service over their competitors in an effort to acquire and retain customer loyalty by Zeithaml et al. in (Rousan et al, 2010).

Customer satisfaction can be measured as either a single-item scale or as a multi-item construct assessing the satisfaction for each component of the service. For example, Cronin and Taylor in Santouridis, and Trivellas (2010) measured customer satisfaction as a one-item scale that asks for the customers’ overall feeling towards an organization, while Anderson and Srinivasan in Santouridis, and Trivellas (2010) used a 6-item construct to measure customer satisfaction in

the context of electronic commerce. Customer satisfaction has been considered as a fundamental determinant of customer loyalty. Anderson and Sullivan in Santouridis, and Trivellas (2010) found that satisfied customers have greater propensity to be retained and resist to alternative options, while Fornell in Santouridis, and Trivellas (2010) states that high satisfaction results to customers with increased loyalty, less prone to be approached from competition.

According Shamsudin et al (2010) “customer satisfaction is seen as the key indicator within the firm and has become the important element of business strategy, particularly in a competitive marketplace where business competing for customers. Customer satisfaction is a concept to determine of how the products or services delivered meet or exceed customer expectation” (Christopher et al in Shamsudin et al, 2010).

RESEARCH METHODS

According to Marzuki (2000:15), the main points of discussion are contained in this research methods include: (1) study design, (2) phases of the study, (3) research design, (4) operational definition of research, (5) population and sample, (5) research instrument, (7) data collection, and (8) data analysis.

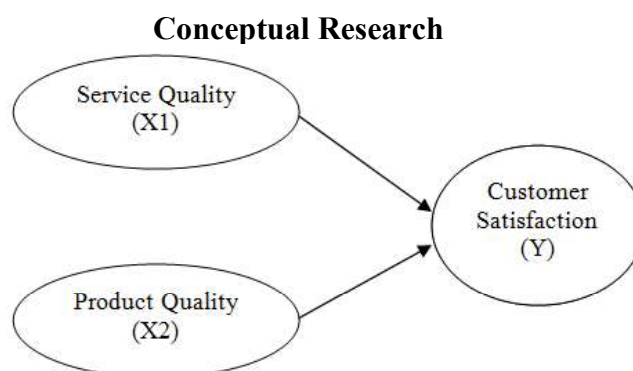


Figure 1: Research Design.

Sample Research

The samples used in this study were 120 respondents to the criteria of the respondents are consumers who never shop at least 3 times in the same place outlet of Alfamart (Sutanto and Minantyo, 2014).

The Test Validity and Reliability

Test is used to measure the validity of a questionnaire whether or not valid. A questionnaire be valid if the statement on the questionnaire was able to express something that will be measured by the questionnaire (Ghozali in Istianto et al, 2011) Pearson correlation method is used to test the validity and the questions said to be valid if the correlation coefficient is of less than 0,05 or $\alpha < 0,05$. The test reliability of to a questionnaire according to Ghzali in Istianto et al (2011)

said to be reliable if a person answers to questions are consistent over time. Therefore, all questions in the questionnaire revealed reliable if the results of the calculation, the value of Cronbach's Alpha more than 0,06.

RESULT AND DISCUSION

Descriptive Analysis

Descriptive analysis was conducted to determine the general picture of the research data. In the descriptive analysis will be explained about the location of the respondent and the respondent's answer to each research variable is the variable quality of service (X1), Product Quality (X2), Customer Satisfaction (Y), this study can be viewed by location.

Table 1. Number Rensponden Location: Surabaya City, Sidoarjo City, and Malang City

Lication	Number of	Number of	Percentage
	Stores Alfamart	Respondents	(%)
Surabaya City	5	50	41.7
Sidoarjo City	3	30	25
Malang City	4	40	33.3
Total	12	120	100

Source: Data are processed.

The steps of testing the validity and reliability of the instrument;

1. Starting conduct the pre-test instrument using the 10 respondents who have competence to variables that have been studied, researchers hope to mendaptkan corrections and provide feedback to the researcher before the researcher to test the validity and reliability.
2. The second stage researchers to test the validity and reliability by using rensponden or sample 40 respondents, the results are as follows:

a. The Test Validity

Table 2. Test Validity of Service Quality (X1)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
X1.1	0,969	0,000	valid
X1.2	0,940	0,000	valid
X1.3	0,865	0,000	valid
X1.4	0,931	0,000	valid
X1.5	0,903	0,000	valid

Table 3. Test Validity of Product Quality (X2)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
X2.1	0,892	0,000	valid
X2.2	0,917	0,000	valid
X2.3	0,922	0,000	valid
X2.4	0,940	0,000	valid
X2.5	0,972	0,000	valid
X2.6	0,894	0,000	valid

Table 4. Test Validity of Customer Satisfaction (Y)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
Y1.1	0,920	0,000	valid
Y1.2	0,938	0,000	valid
Y1.3	0,938	0,000	valid
Y1.4	0,920	0,000	valid
Y1.5	0,929	0,000	valid

The Test Reliability

Table 5. Test Reliability of Service Quality (X1)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
X1.1	0,788	0,829	reliable
X1.2	0,793		reliable
X1.3	0,796		reliable
X1.4	0,794		reliable
X1.5	0,790		reliable

Table 6. Test Reliability of Product Quality (X2)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
X2.1	0,790	0,818	reliable
X2.2	0,787		reliable
X2.3	0,782		reliable
X2.4	0,784		reliable
X2.5	0,782		reliable
X2.6	0,784		reliable

Table 7. Test Reliability of Customer Satisfaction (Y)

Questions	<i>Pearson Correlation</i>	Sig. Value	Remarks
Y1.1	0,798	0,830	reliable
Y1.2	0,790		reliable
Y1.3	0,790		reliable
Y1.4	0,798		reliable
Y1.5	0,791		reliable

Multi linier regresstion analysis was also able to prove whether Service Quality (X1) and Product Quality (X2) have an influence on Customer Satisfaction (Y)

either simultaneously or partial. Table 8. shows a regression models: $Y = -0,075 + 0,616 X1 + 0,435 X2$

Table 8. Table Output Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.075	.343		-.217	.828
	Service Quality	.616	.070	.624	8.843	.000
	Product Quality	.435	.134	.230	3.252	.001

a. Dependent Variable: Customer Satisfaction

Partial Test (t-Test)

Partial test or t-test basically shows how much influence of Service Quality (X1) and Product Quality (X2) partially on Customer Satisfaction (Y). Assessment of t test, if the sig. value > 0,05, the Ho is accepted and H1 is rejected. In this case Service Quality (X1) and Product Quality (X2) partially have no effect on Customer Satisfaction (Y) variable or other wise.

Based on Table 8 shows that for Service Quality (X1) with the result of t value = 8,843 with sig. = 0,000 < 0,05. it can be concluded that Service Quality (X1) has a partially significant effect on Customer Satisfaction (Y), for Product Quality (X2) with the result t value = 3,252 with sig. = 0,001 < 0,005. it can be concluded that the Product Quality (X2) has a partially significant effect on Customer Satisfaction (Y).

Simultaneously Test (F-Test)

F test basically shows that Service Quality (X1) and Product Quality (X2) are included in the model simultaneously influence on Customer Satisfaction (Y). Assessment for the F test, if the sig. value < 0,05 then the Ho acceptable and H1 is rejected. In this case Service Quality (X1) and Product Quality (X2) simultaneously has no effect on Customer Satisfaction (Y) or other wise.

Based on Table 9 shows that F value = 89,985 with sig. = 0,000 < 0,005 it can be concluded that the variables: Service Quality (X1) and Product Quality (X2) simultaneously have a significant effect on Customer Satisfaction (Y)

Table 9. Table of Anova

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.075	.343		-.217	.828
	Service Quality	.616	.070	.624	8.843	.000
	Product Quality	.435	.134	.230	3.252	.001

a. Dependent Variable: Customer Satisfaction

Coefficient of Determination (R²) Analysis

Determination coefficient (R²) to find out how big the model's ability to explain the dependent variable. Based on Table 10, shows that R²value = 0.606 or 60.60% of the variation can be remaining 39.40% is influenced by other variables that need to be investigated.

Table 10. Table Model Summary

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.075	.343		-.217	.828
	Service Quality	.616	.070	.624	8.843	.000
	Product Quality	.435	.134	.230	3.252	.001

a. Dependent Variable: Customer Satisfaction

CONCLUSION AND RECOMMENDATIONS

Conclusion.

Based on research the conclusions:

1. Service Quality (X1) and Product Quality (X2) are included in the model simultaneously influence on Customer Satisfaction (Y).
2. Service Quality (X1) has a partially significant effect on Customer Satisfaction (Y).
3. Product Quality (X2) has a partially significant effect on Customer Satisfaction (Y).

Recommendations

From the results of these studies suggested for further research in order to add variable pricing and infrastructure. From the results of these studies suggested for further research in order to add variable pricing and infrastructure. To researching suggested need for other cities in East Java, and previously researching the only 3 cities, then use the 5 cities.

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