

ANALISYS EFFECT OF SERVICE QUALITY, CUSTOMER SATISFACTION TO CUSTOMER LOYALTY UD.CINTA RASA

Teddy Subandi¹, J.E. Sutanto²

Ciputra University
INDONESIA

Emails : ¹Teddy_oke@yahoo.com, ²je.sutanto@ciputra.ac.id

ABSTRACT

UD Cinta Rasa sell snacks such as chips lungs. Business opportunity of selling chips lung is still wide open and it is possible to develope. Customer loyalty can be created through a quality service supported by tangible, responsiveness, assurance, reliability and empathy. Customer satisfaction can also support customer loyalty through no complaints of, feeling satisfied, and conformity with the hope or expectation. The purpose of this study was to examine: (1) service quality on customer loyalty; (2) The service quality to customer satisfaction; (3) The effect of customer satisfaction on customer loyalty. This study uses a quantitative approach with a sample of 36 respondents. Data analysis tools by using SmartPLS 2.0. Results of the study are (1) the quality of service a significant effect on customer loyalty; (2) the quality of service significantly influence customer satisfaction; (3) customer satisfaction significantly influence customer loyalty.

Keyword: Service Quality, Customer Satisfaction, Customer Loyalty, Bussiness

INTRODUCTION

Currently the food industry experiencing rapid development, this industry can survive under any circumstances, including when the crisis economies. According to data from the Central Statistics Agency (BPS, 2013) the growth of the food industry from year to year showed positive growth. Here is a Table of food industry growth:

Table 1. Number of companies the food industry micro small

Year	Scale	
	Mikro	Small
2010	881.590	48.320
2011	872.869	118.403
2012	871.898	70.712
2013	1.008.890	158.651

From Table 1 it can be seen that there is a significant increase from year to year for micro, when used in the form of a percentage, it can be seen an increase of 14.4% from the Year 2010 to the Year 2013 and the decrease in the number of small businesses in the year 2012 amounted to 40% if compared with the number of small businesses in the year 2011, but increased in the year 2013 a number of 124% compared to the year 2012.

UD Cinta Rasa is a type of business engaged in the food industry, when seen from the number of employees who currently work at UD Cinta Rasa currently numbering nine people, then this business can be classified on the kind of small industry. The type of food sold UD Cinta Rasa is chips lungs, chips lungs its main business, it is not apart from considerable business opportunities in Bangkalan, because the lung is widely used as a supplement in catering.

Originally chips lungs sale directly to the catering, but due to the catering orders only occurs in certain months only, then to anticipate the possibility of the absence of the order of chips lungs, then UD Cinta Rasa also sell to shop for souvenirs and also to end users , which meant the end user is the consumer who buys the lungs for their own consumption and not done resale to other parties. Here is a description of the flow of chips lung sales UD Cinta Rasa:

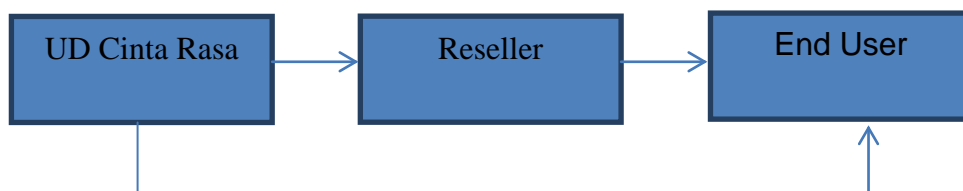


Figure 1. Flow selling chips lung UD Cinta Rasa

Decrease number of repeat order made by customers UD Cinta Rasa, it is also evident from the decrease in the number of customers who make purchases back to UD Cinta Rasa. Here is Table 2 which shows the number of customers who make repeat order than once:

Table 2. Numbers of Customer Who Makes Repeat Order

Year	Customer (Overall)			Total	Customer (More than once)			Total
	Shop	Catering	End User		Shop	Catering	End User	
2013	9	18	40	67	8	16	31	55
2014	8	15	20	43	6	12	18	36

From Table 2 it can be seen a decrease in the number of customers who make repeat order number is 19 customers. A decrease in buying interest and also a decrease in sales due to lack of customer loyalty to the UD Cinta Rasa and more interested in buying chips lungs from competitors UD Cinta Rasa. According to Oliver in Hurriyati (2010: 128) is a commitment to customer loyalty to survive in depth to re-subscribe or re-purchase of products or services that are consistently selected in the future despite the influence of the situation and marketing efforts have the potential to cause changes in behavior , Here are a number of old and new customers who make a purchase of more than one time in 2014:

Table 3. Numbers of old and new Customer Who Make Repeat Order

Year	Customer					
	Shop		Catering		End User	
	Old	New	Old	New	Old	New
2014	3	3	7	5	13	5
Total	6		12		18	

In Table 3 can be seen in the composition of a number of old and new customers who make a purchase chips lung UD Cinta rasa, more than one time, the overall number of customers decreased number of customers compared to 2013.

To creating customer loyalty , we need to evaluation of the quality of services rendered to customers love the ud .In accordance with one of the data an indicator of the quality of services that is responsive reabilitas (responsiveness and always try and respond and give information and services in accordance with diingikan by customers .The accuracy of the time in providing goods orders ud really needed by UD Cinta Rasa , for most customers who become the target is a caterer , in receiving an order from catering is very important to consider the grace period demanded by catering to ud crisps provide a sense of love in pulmonary ordered , it is associated with the main raw materials , namely lung must be purchased from surabaya , and also must consider also the availability of stock in the market , because in a particular month, really difficult found lungs . Sometimes because stocks of lungs not ready , can cause UD Cinta Rasa could not accept orders , even sometimes can only accept orders with the number of smaller than demand , this can also cause to customers move to other producers of chips lungs.

In addition to the quality of services, the next thing to be considered was customer satisfaction, for quality of services that it is not necessarily to make the customers satisfied.Customer satisfaction is a feeling from firm performance meets their expectations. But viewed from the perspective of the customer, customer satisfaction became a complex. Behavior after purchase would create an unsatisfied or satisfied to the customer, customer satisfaction is a function of the buyers for products or services to the perceived (kotler 2009, 142). One of the references that could be the creation of customer satisfaction is by seeing whether there were complaints of customer given products or the ud love a sense of service .If customer satisfaction can be taken , and by itself can create loyalty to customers , of the loyalty in the end can cause repeat order

Problem Statement

Based on the background has been discussed above , then in general the formulation of problems in this research is:

- 1 .Whether service quality have the effect on customer loyalty ?
- 2 .Whether service quality have the effect on customer satisfaction ?
- 3 .Whether customer satisfaction have the effect on customer loyalty ?

LITERATURE REVIEW

Service quality

Service is any activity or the benefits that can be given a party to other basically intangible and not also led the possession of something and it can be or can not pertaining to a physical product (kotler and keller , 2009: 289) .According to parasuraman in tjiptono (2011: 198) there are five service quality indicators:

1. Tangible

Tangible shown by physical facilities , pelengkapan and materials used the company , as well as the appearance of employees.

2. Reliability

Reliabilitas pertaining to the company to provide the accurate since first without making any fallacy and deliver services according to the agreed.

3. Responsiveness

Responsiveness shown by the willingness and the ability of the employees to help customers and respond to their request , as well as inform when services will be given and then provide services quickly

4. Assurance

Assurance is the employees could grow to business customers confidence and companies to create secure feeling to the customer. Collateral meant that employees always decent clarks knowledge and skill required to deal with every question or problem customers

5. Empathy

Empathy is a understand a problem its subscribers and act in the interests of customers , as well as providing personal attention to the consumers and having operational hour comforTable

Customer Satisfaction

Customer satisfaction is feeling felt by buyers from the company performance that meet their expectations. But reviewed from the perspective of customers behavior customer satisfaction later became something complex. Behavior after purchase will inflict attitude satisfied or dissatisfied to customers customer satisfaction is a function of hope buyers over a product or service with the perceived performance (kotler 2009: 142).

Satisfied or not satisfied customers is very influential on the performance of products..A variety of customer satisfaction for this research indicates that significant impact on a number of customer satisfaction (Markensis,2009: 36) :

- Repeat Order
- Customer loyalty
- Behavior complained
- Availability of customers to recommend a product or a company to another person) .

Customer Loyalty

According to oliver in hurriyati (2010: 128) loyalty means the commitment customers that survives in depth to belangganan back or do purchases in online stores repeated products or services elected consistently in the future even though the influence of the situation and marketing efforts have the potential to cause to change behavior .In other words , the consumer will be faithful to repeated do purchases in online stores is available continuously .Customers who are loyal asset is a very important for the company , it can be seen of the characteristics of which is owned by customers who are loyal .The following are characteristic of customers who are loyal (griffin in hurriyati 2010: 130):

1. Makes regular repeat order
2. Purchases across product and service lines
3. Refers other
4. Demonstrates an immunity to the full of competition

MODEL ANALYSIS

Based on the framework of conceptual model, analysis in this research which is replication of research conducted by dwi aryani (2010) can be seen in Figure 2:

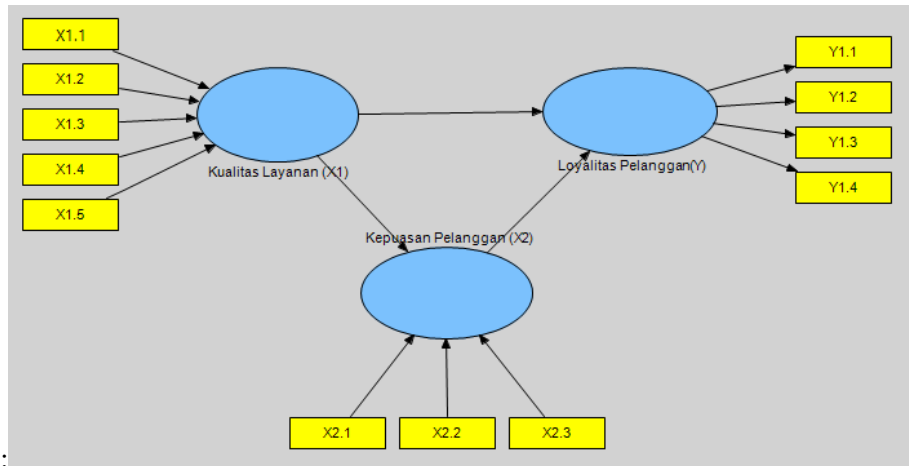


Figure 2. Model Analysis

HYPOTHESIS

The hypothesis of research as the following proposed:

H1: the quality of services have the effect on customer loyalty

H2: the quality of services have the effect on customer satisfaction

H3: customer satisfaction has the effect on customer loyalty

RESEARCH METHODS

This research will be conducted in April 2015 – Mei 2015. Population on this research consists: reseller, shop and end user, total population is 36 respondent. Source data in this research are from primary and secondary data. Primary data is data form internal company, while secondary data is data from outside company, which collected with institution and then publish to other people. Instrument data in this research is using likert scale.

Variables can be defined as the concept of having a variation or having the concept of more than one point . Variable used in this research is:

1. Independent Variable of this research are :
 - a. Service Quality consists indikator, such as : tangible, reliability, responsiveness, assurance, empathy
 - b. Customer satisfaction consists 3 indikator, such as: : customer happy with the product, conformity with customers expectation, customers feel satisfied with the product.
2. Dependent Variable of this research is customer loyalty. Berikut adalah karakteristik pelanggan yang loyal pada penelitian yang dilakukan oleh Dwi Aryani (2010): refers to others, repeat order, word of mouth form customer about product, make order only in one place.

Partial Least Square developed first by wold as the common method for estimating the path with latent konstruk model that uses multiple indicators (ghozali 2014: 29). Partial Least Square is a factor indeterminacy analysis method which is powerful because it doesn't assume the data is to be with a certain scale of measurement, the number of sample is small. (Ghozali 2014:39). The steps in the analysis of PLS are as follows:

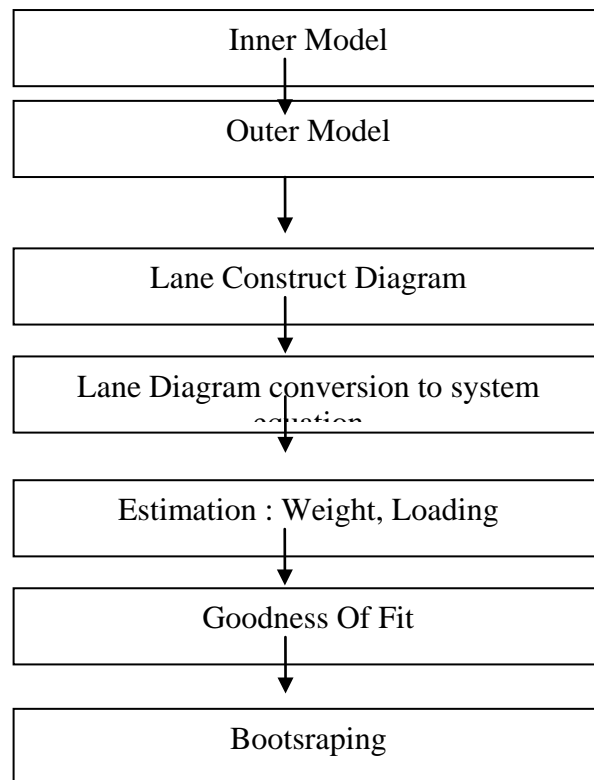


Figure 3. PLS Step Analysis

RESULT AND DISCUSSED

This chapter will be served on the data collected from the results of the survey respondents, processing data processing and analysis of the data. The results of data processing to be used in the research that hypothesis. Research will be done by using software SEM-PLS

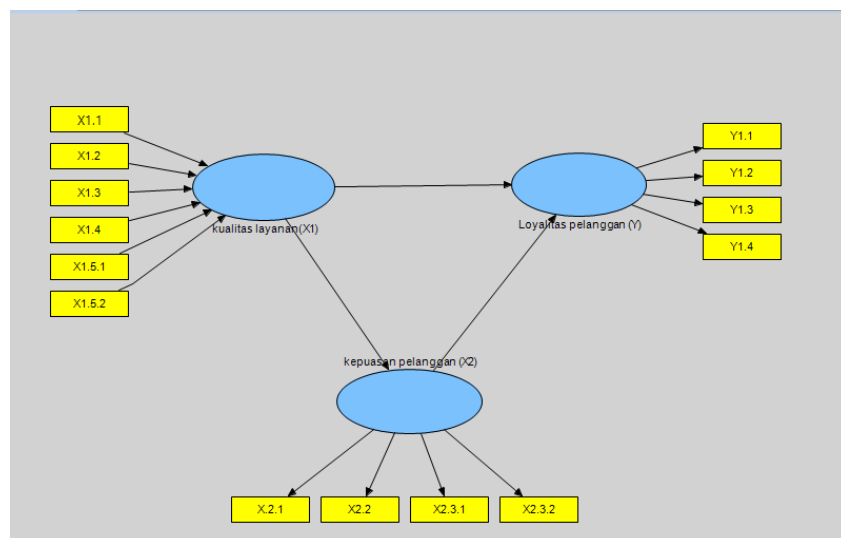


Figure 4. Inner and Outer Model

Lane Diagram Conversion to System Equation

Here is the system equations for the formative outer model by using numbers form Figure 4
Formative Outer Model (X1)

$$X_1 = 1,66.X_{1,1} + 1,783.X_{1,2} + 1,777.X_{1,3} + 1,666.X_{1,4} + 2,625.X_{1,5} + 1,852.X_{1,5,2} + \epsilon_1$$

Here is the system of equations for the outer reflective model by using number from the Figure 5:

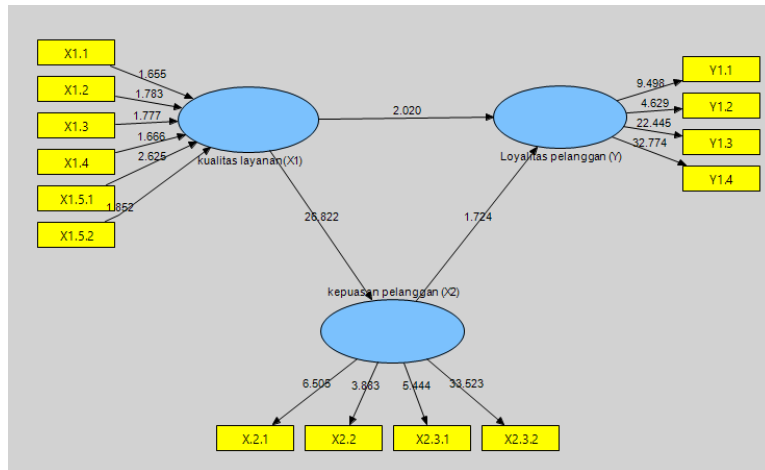


Figure 5. Reflective Outer Model

Outer Model Reflektif (X2)

$$X_{2,1} = 0,718.X2 + \epsilon_2$$

$$X_{2,2} = 0,673.X2 + \epsilon_3$$

$$X_{2,3} = 0,692.X2 + \epsilon_4$$

$$X_{2,4} = 0,866.X2 + \epsilon_5$$

Outer Model Reflektif (Y)

$$Y_{1,1} = 0,820.Y1 + \epsilon_6$$

$$Y_{1,2} = 0,539.Y1 + \epsilon_7$$

$$Y_{1,3} = 0,864.Y1 + \epsilon_8$$

$$Y_{1,4} = 0,888.Y1 + \epsilon_9$$

System equation for inner model by using number form Figure 6 is:

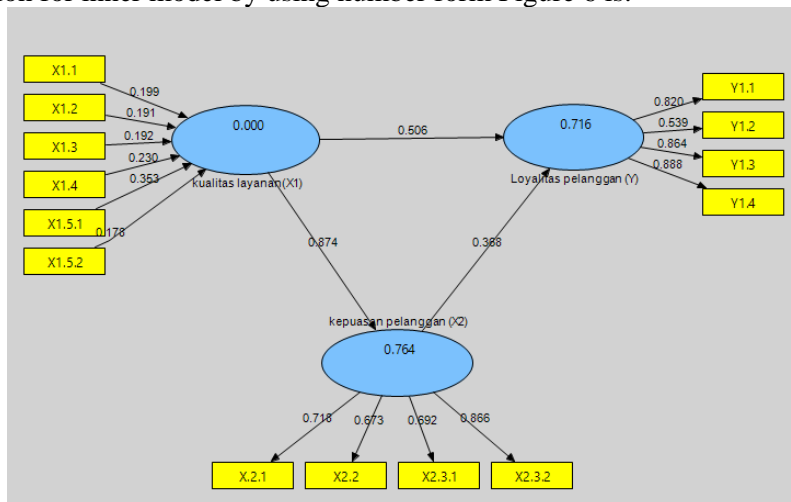


Figure 6. Formative Outer Model

$$X_2 = 0,874.X_1 + \delta_2$$

$$Y = 0,506.X_1 + 0,388.X_2 + \delta_3$$

The Evaluation Model (Outer Model)

Formative Outer Model

For variables with an indicator formative can't be analyzed by looking at loading of reliability and composite. Hence variable formative with an indicator that is the services quality (X1) the way of rating them is by seeing the value of the regression coefficient and significance of the regression coefficient. The following is the value of each outer weight indicators and significant value

Table 4. Outer Weight

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Remark
X1.1 -> service quality(X1)	0.166864	0.15626	0.100834	0.100834	1.654842	Significant
X1.2 -> service quality(X1)	0.202741	0.196707	0.113721	0.113721	1.78279	Significant
X1.3 -> service quality(X1)	0.166356	0.173482	0.093642	0.093642	1.776517	Significant
X1.4 -> service quality(X1)	0.172511	0.167724	0.103564	0.103564	1.665746	Significant
X1.5.1 -> service quality(X1)	0.441586	0.450096	0.168205	0.168205	2.625291	Significant
X1.5.2 -> service quality(X1)	0.170084	0.179418	0.091859	0.091859	1.851569	Significant

Based on measurements made on formative outer model is , then on the Table 4 obtained the results of that all variables x1.1 , x1.2 , x1.3 , x1.4 , x1.5.1 , x1.5.2 is significant because the T-statistic value is more than 1.65

Reflective Outer Model

Measurement indicator for outer model reflective analyze on this research are Customer satisfaction (X2) and Customer Loyalty (Y). For reflective indikator, researcher will describe convergent validity, that consists : loading factor, Then will be discussed discriminant validity consisting of ave to see the value of the loading each cross , after that will discuss composite reliability and also used for measuring alpha cronbach composite reliability .The following is a test of validity of research conducted by using indicators sem-pls:

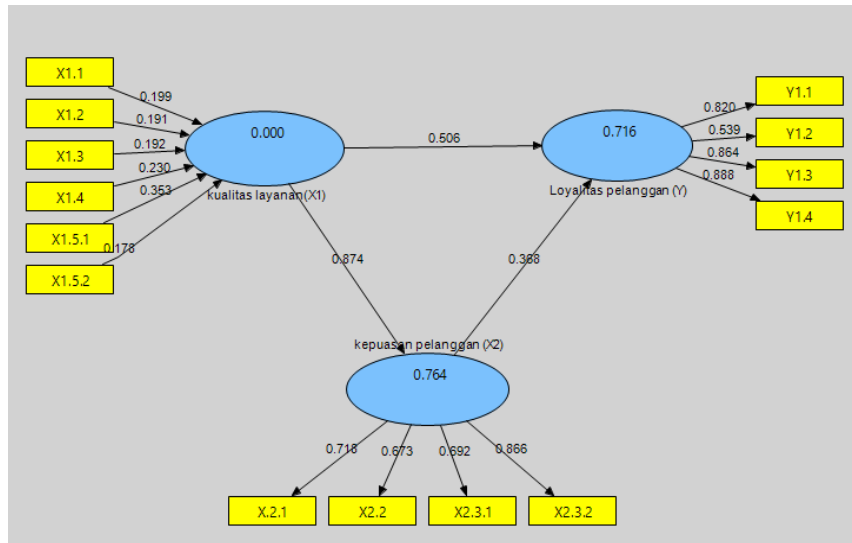


Figure 7. Factor Loading Value

Factor Loading

Factor loading is correlation indicator between variable, if the value more than 0.5, it means correlation is valid, and if T-statistic value greater than 1.645, it means the correlation is significant. The following Table 5 shown factor loading value on this research:

Table 5. Factor Loading

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Remark
X.2.1 <- customer satisfaction (X2)	0.741335	0.71949	0.113961	0.113961	6.505185	Valid and Significant
X2.2 <- customer satisfaction (X2)	0.647304	0.63281	0.166717	0.166717	3.882645	Valid and Significant
X2.3.1 <- customer satisfaction (X2)	0.683837	0.675723	0.125611	0.125611	5.444079	Valid and Significant
X2.3.2 <- customer satisfaction (X2)	0.887934	0.893477	0.026487	0.026487	33.52303	Valid and Significant

Continue Table 5 Factor Loading

Y1.1 <- Customer loyalty (Y)	0.786618	0.802626	0.082817	0.082817	9.49822	Valid and Significant
------------------------------	----------	----------	----------	----------	---------	-----------------------

Y1.2 <- Customer loyalty (Y)	0.664697	0.646544	0.143587	0.143587	4.629228	Valid and Significant
Y1.3 <- Customer loyalty (Y)	0.908608	0.911981	0.040482	0.040482	22.44468	Valid and Significant
Y1.4 <- Customer loyalty (Y)	0.932826	0.937467	0.028462	0.028462	32.77448	Valid and Significant

From Table 5, get Loading Factor value is more than 0.5 and T-Statistic value greater than 1.65, it means each indicators on this variable have significant and valid value.

AVE

An indicator that shows a variant of ave conceived by endogen variable .An AVE convergent value greater than 0.5 shown that indicator have good validity.The following Table 5.6 that shows an ave on the research,

Table 6. AVE

Item	AVE
Customer loyalty (Y)	0.689081
customer satisfaction (X2)	0.55616

Table 6 shown AVE value for each reflective variable as a validity requirements showing that both AVE value is more than 0.5. it means both indicator is valid.

Cross Loading

Cross Loading measurement is to measure the discriminant .The output of this loading cross wants that the value of the correlation of each indicator with endogen variable must be greater than other variables.

Table 7. Cross Loading

	Customer loyalty (Y)	Customer satisfaction (X2)	Service quality(X1)
X1.1	0.489467	0.658366	0.672823
X1.2	0.550387	0.662854	0.710096
X1.3	0.558545	0.60495	0.679989
X1.4	0.563883	0.643393	0.70608
X1.5.1	0.793599	0.733205	0.890354
X1.5.2	0.577504	0.587156	0.680073
X.2.1	0.440963	0.741335	0.622545
X2.2	0.417754	0.647304	0.438468
X2.3.1	0.552805	0.683837	0.580229
X2.3.2	0.877422	0.887934	0.876589
Y1.1	0.786618	0.633383	0.621786

Y1.2	0.664697	0.532038	0.65771
Y1.3	0.908608	0.743687	0.730784
Y1.4	0.932826	0.767849	0.744106

Based on Table 7 get value of cross loading each indicators more greater if linked with endogen variable, and will be smaller if linked with another endogen variabel. It means that indicators is valid.

Composite Reliability

Composite Reliability is method to measure reliability indicators. Term indicator. The value declared reliable if value composite more than 0.7 .The following is Table 8 that is the value of composite reliability

Table 8. Composite Reliability

Item	Composite Reliability
Customer loyalty (Y)	0.897097
customer satisfaction (X2)	0.83155

From Table 8 shown customer loyalty and customer satisfaction value is more than 0.7, it means that both variable is qualified and appropriate.

Cronbach Alpha

Cronbach alpha is a test for measure realibility from indicators, indicator will be qualified if each value more than 0.7.

Table 9. Cronbach Alpha

Item	Cronbachs Alpha
Customer loyalty (Y)	0.842371
customer satisfaction (X2)	0.734633

From Table 9 shown customer loyalty and customer satisfaction have cronbach alpha value more than 0.7, it means customer loyalty and customer satisfaction is already qualified.

Goodness Of Fit

Test Goodness fit model for structural model can be see from the R-square value. R-square value describe influence independent value to the dependent value

Table 10. R Square

Item	R Square
Customer loyalty (Y)	0.722098
Customer satisfaction (X2)	0.773545

From the Table 10 get r-square value for variable customer loyalty is , it means customer loyalty affected by service quality and customer satisfaction by 72.20 % , while 27.80 % influenced by others variable beside customer loyalty and service quality .R-square value of customer

satisfaction is 0.7735, it means the satisfaction of customers affected by the service quality is 77.35 % , while 22.65 % influenced by other variables besides customer loyalty .

Bootstrapping

Test the hypothesis done with bootstrapping and t- statistic value must more than 1.65.The t- statistic value of this research is:

Table 11. Path Coefficient

Item	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
customer satisfaction (X2) -> Customer loyalty (Y)	0.361988	0.323198	0.209921	0.209921	1.724402
service quality(X1) -> Customer loyalty (Y)	0.513747	0.600208	0.254303	0.254303	2.020217
service quality(X1) -> customer satisfaction (X2)	0.879514	0.898387	0.032791	0.032791	26.82159

From the Table 11 can be seen that the estimation of customer satisfaction and customer loyalty is 0.3619 and t-statistic is 1.7244 , thus is hypothesized research said that customer satisfaction has the effect on customer loyalty can be proven the truth

To value the estimation of the services quality against customer loyalty is 0.5137 and t-statistic is 2.0202 , thus that hypothesis which states that the services quality have influence against customer loyalty can be proven the truth

The estimation of the quality of services on customer satisfaction is 0.8795 and t-statistic 26.8215 is , thus is hypothesized that stated that the quality of services have the effect on customer satisfaction can be proven the truth.

CONCLUSION

From the research analysis of the quality of service , customer satisfaction on customer loyalty , get the following conclusions:

1. Service quality have a positive influence and significantly to customer loyalty .There are five indicators in the form of the service quality , among other: tangible, responsiveness, assurance, empathy, reliability, customer loyalty can be created with improved service quality
2. Service quality have a positive influence and significantly to customer satisfaction. There are five indicators in the form of the service quality , among other: tangible, responsiveness, assurance, empathy, reliability, customer satisfaction can be created with improved service quality.
3. Customer satisfaction have a positive influence and significantly to customer loyalty. There are three indicators in the form of customer satisfaction which are not there have been complaints , a feeling of satisfaction , conformity with expectation or your expectations ` . Customer loyalty can be created with improved customer satisfaction.
4. Service quality has an effect greater than customer satisfaction to create customer loyalty .So that with the increase service quality, customer loyalty will also increase.

REFERENCES

- Dwi Aryani. (2010), Pengaruh Service quality terhadap Customer satisfaction dalam membentuk Customer loyalty”, 17(2),hal 11-126.
- Ghozali, Imam. (2014), Metode Alternatif dengan Partial Least Square (PLS) Edisi 4. Semarang: Universitas Diponegoro SemarangKumalaningrum, M.P.,(2012). Lingkungan Bisnis, Orientasi Kewirausahaan, Orientasi Pasar, dan Kinerja Usaha Mikro, Kecil dan Menengah.
- Hurriyati, Ratih. (2010). Bauran Pemasaran dan Loyalitas Konsumen. Bandung: Alfabeta
- Irawan dan Basu Swastha. (2008). Manajemen Pemasaran Modern. Liberty : Yogyakarta.
- Jasfar, Farida (2012). 9 Kunci Keberhasilan Bisnis Jasa. Jakarta : Salemba Empat.
- Kotler, P. dan Keller, K.L. (2009). Manajemen Pemasaran Edisi 13 Jilid 1. Terjemahan oleh Bob Sabran. Jakarta : Erlangga
- Kotler, P. dan Amstrong.G. (2008). Prinsip-Prinsip Pemasaran edisi 12 Jilid 2. Jakarta: Erlangga
- Kuncoro, Mudrajad (2009). Metode Riset untuk Bisnis dan Ekonomi Edisi 3. Jakarta : Erlangga.
- Markensis. (2009). *Customer Satisfaction and beyond*. Yogyakarta : Markensis
- Martono, Nanang. (2011), Metode Penelitian Kuantitatif. Jakarta : RajaGrafindo Persada.
- Mokhtas, Sany sanuri Mohd. (2011), “*The Relationship Between Service Quality and Satisfaction on Customer Loyalty in Malaysian Mobile Communication Industry*”. *School of Doctoral Studies Journal*.
- Prasetyo, Bambang. (2011). Metode Penelitian Kuantitatif. Jakarta : PT RajaGrafindo Persada.
- Rangkuti, Freddy. (2008). *Measuring Customer Satisfaction : Teknik Mengukur dan strategi meningkatkan customer satisfaction plus analisis PLN-JP*. Jakarta : Gramedia Pustaka Utama
- Sholihin, Mahfud. (2013), Analisis SEM-PLS dengan WarpPLS3.0. Yogyakarta : Andi.
- Sinaga, P.P H. (2010), Analisis Pengaruh Kualitas Pelayanan, Customer satisfaction dan Lokasi Terhadap Customer loyalty. Semarang : Universitas Diponegoro
- Tjiptono F, Ph.D & Chandra G. (2011). *Service, Quality and Satisfaction*. Edisi 3. Yogyakarta: ANDI
- Van Es, R.A.J (2012), “ *The Relationship between Service Quality and Customer Loyalty, and its Influence on Business Model Design*”.