

THE INFLUENCE OF PRODUCT QUALITY, SERVICE QUALITY, AND RELATIONSHIP MARKETING ON THE CUSTOMER SATISFACTION OF TSM

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ABSTRACT

Toko Seriti Mas (TSM) engages in the sales of interior design materials. This research is based on the problems found in TSM, such as inconsistent financial report and high customer turnover. A preliminary research is conducted to determine the variables of the research. The result of the preliminary research, as concluded from the consumers' opinion, suggests that product quality, service quality, and relationship marketing are the most essential aspects.

The purpose of this research is to determine whether product quality, service quality, and relationship marketing affect customer satisfaction partially. This research uses questionnaire as primary data source and the company's internal data as the secondary source. The population of this research is 150 consumers. A total of 60 respondents are selected as samples using simple random sampling. Structural Equation Modeling and SmartPLS 2.0 M3 are used as research models. Research results suggest that product quality, service quality, and relationship marketing affect customer satisfaction. It can also be concluded that relationship marketing variable has bigger influence on customer satisfaction than product quality and service quality.

Keywords: Influence, Product Quality, Service Quality, Relationship Marketing, Customer Satisfaction.

INTRODUCTION

Indonesia is a country with the third largest population and the population will increase until 2025. The increase in the population will increase the demand for space (house, shop, apartment, etc.). The demand for space will increase the demand for building materials, which will have a positive impact on the building materials dealer. TSM is a business that specializes in building materials. TSM products sold are plywood, HPL, glue, and other. The target market of TSM is the interior designer and furniture maker upper middle class. The increasing of the demand for space that was supposed to happen was not in line on TSM's financial statements. TSM's financial statements looks fluctuating for the past 1 year, the financial statements have shown that a fluctuating financial is a result of high customer turnover. High customer turnover seems higher on Surabaya than other. To find out the cause of customer turnover researcher do pre study to TSM's consumer, pre study found that the TSM's consumer said that they attach great importance to product quality, service quality, and relationship marketing. Therefore, this study will focus on product quality, service quality, and relationship marketing. This study was

conducted to determine whether the quality of products, quality service, and relationship marketing affect customer satisfaction.

LITERATURE REVIEW

The study entitled " Factors Affecting on Customer Satisfaction in Retail Banking: an Empirical Study" written by Chavan and Faizan (2013). This study aims to explore the main factors that shape customer satisfaction in retail banking in Western - Maharashtra, India. The results showed that customer satisfaction depends on eight factors, are: (1) tangibility, (2) E - Fulfillment, (3) convenience and availability, (4) accuracy, (5) responsiveness, (6) empathy, (7) promptness, (8) the personal assistance. The highest attributes held by tangible attributes comprising: providing individual attention to the consumer, the behavior of employees in instilling confidence in the consumer, bank facilities are attractive, no additional charges on another inspection, recording error is very important.

"The Impact of Customer Relationship Marketing on Customer Satisfaction of the Arab Banking Service" researched by Al-Hersh *et al.* (2014). This study aims to investigate the impact of customer relationship marketing on customer satisfaction in the banking industry in KSA (Kingdom of Saudi Arabia) and Jordan. The analysis showed that there is a positive influence on the two samples used for customer relationship marketing. Other findings also indicate that there are different behaviors in customer relationship marketing on customer satisfaction as seen from the gender, age, and education. It concluded that Arab Bank must implement customer relationship marketing at the central bank and branch to maintain its target market.

The study, entitled "Effect of Service Quality and Product Quality of Customer Satisfaction at Pipop COPY" researched by Melissa Tanuwijaya and Mohamad Yusak Anshori (2013). The purpose of this study was to identify the effect of service quality and product quality to customer satisfaction at Pipop COPY. The study states that the variable service quality and product quality has an influence of customer satisfaction at Pipop COPY. Service quality has a greater influence on customer satisfaction at Pipop Copy (38.5%) while the product quality has a 30% influence on customer satisfaction. The conclusion from this study is the service quality has an important role in Pipop COPY business especially on the speed and friendliness in providing services.

Research conducted by Widodo (2012) with the title "The relationship between Service Quality in Customer Satisfaction in the restaurant X". The purpose of this study was to determine the effect of service quality on customer satisfaction in the restaurant X. This research shows that tangible variables (location and seating facilities) and empathy (waitresses understand the needs, demands and desires, and the special wishes of customers) have a positive impact on satisfaction customer in the restaurant X, while the variable responsiveness, reliability, and assurance had no influence on consumer satisfaction restaurant X.

"Effects of Relationship Marketing Efforts at UD Sulkarina Brass, Juwana on the Consumer Loyalty" is a study conducted by Wiyan Ariyaningsih (2013). Results of research conducted that according to the questionnaire that was distributed and processed relationship marketing done by UD Sulkarina Brass is good, the level of customer loyalty is at partially satisfied buyer and dimensions of relationship marketing that influence consumer loyalty is trust, empathy, and shared value.

Product quality according to Kotler and Keller (2012: 143) is the totality of characteristics and features of a product or service that has a relationship with the product or service's ability to meet the needs expressed or implied. Dimensions of product quality according to Gazpers (2011: 133-135) are:

- Performance

The main factors that are considered by consumers to buy and use the product or service

refer to a functional specification (timeliness and service).

- Features
An additional specification that support the basic specification and related to the selection and development of product or service.
- Reliability (Reliability)
The possibility (probability) of a product or service successfully performs its functions in a certain period of time.
- Compliance with the specification (Conformance)
The suitability of the product or service to what has been stated, whether in accordance with the wishes of consumers. The diversity of products is a range of products related to the depth; breadth and quality of the products offered are also the availability of such products at any time in the store. (Remias and Lukman in Fure, 2013: 274) From the above understanding can be concluded that the diversity of the products are all kinds of products in terms of range of products ranging from the brand, size, and quality and availability of such products at any time in the store. On the theory of product diversity, will be more focused on the size and availability of products.
- Durability (Durability)
Refers to the lifetime of a product or service.
- Aesthetics (Aesthetics)
Consumer feelings about the existence of the product (quality) are subjective as it relates to individual preferences and personal considerations.
- Ability Services (Serviceability)
Characteristics associated with speed, friendliness, competence and the ease and accuracy in the improvement (in demand for services over the phone, etc.).
- Perceived quality (Perceive Quality)
Related to perceived feelings of consumers, such as increased self-esteem and is a characteristic associated with the reputation (brand name and brand image).

Dimensions of product quality used by TSM are performance and compliance with specifications.

Service creates a value for consumer satisfaction, value given in the form of quality. Kerin *et al.* (2013) stated that the quality of service is meeting the needs and desires of customers as well as the accuracy of delivery to balance customer expectations. Quality of service is a powerful weapon in the corporate excellence, especially service companies. Therefore the quality of service that must be administered continuously for the company to be strong in competing with other companies that provides similar services.

Two factors that affect the service quality is a service that is expected (expected service) and services received / perceived (perceived service). According Kresnamurti and Sinambela (2011: 114-115), there are five dimensions that can be used in determining the quality of services, there are:

1. Reliability (reliability) is the ability to provide the promised service reliably and accurately. If seen in service businesses restaurant, then a reliable service when an employee is able to provide services as promised and helping to resolve problems faced by consumers quickly.
2. Responsiveness (quick response) is a willingness to help customers and provide services quickly. If seen in more detail in fast service response at a restaurant, can be seen from the employee's ability to provide faster services and faster handling of customer complaints.
3. Assurance (guarantee) that knowledge, manners, and the ability of employees to generate confidence and trust. In a restaurant service assurance becomes important to be able to be given to consumers, such as security and safety of transactions and consumer privacy is guaranteed.
4. Empathy (empathy) is caring and individual attention given to customers. Services provided

by the employee must be able to demonstrate their concern to consumers.

5. Tangible (tangible) in the form of appearance of physical facilities, equipment, employees, and the material is installed. Describes the physical form and the services that will be accepted by consumers, such as the state of the buildings, facilities, building design, and neatness of employee's appearance.

Relationship Marketing according to Payne and Pennie (2013) is a strategy designed to encourage loyalty, interaction, and long-term relationships with consumers. Relationship marketing is designed to build a strong relationship with consumers, by providing information needs in accordance with the needs and interests and through open communication. The dimensions of relationship marketing that will be examined in this study are the dimension of trust, good experience, promise fulfillment, and communications. These four dimensions have been selected based on pre studies conducted; researchers drew the conclusion that the four dimensions, the most suitable on TSM.

1. Trust (Trust)

Trust refers to trust in the words spoken by someone. Trust based on reputation, personality, systems, and processes. Trust is an important consideration because it involves the relationship between consumers and suppliers who are not legally binding. Relationships built on experiences, satisfaction, and empathy.

2. Experience (Good Experience)

Experience is another factor that is important in a relationship with the consumer. Consumers tend to remember customer past experiences.

3. Fulfillment of Promises (Promise Fulfillment)

The fulfillment of the promise was seen as important in building relationships with consumers. This dimension is one dimension that determines whether the relationship with the consumer is continued or terminated.

4. Communications (Communications)

Communication is considered as an important component in the establishment of business relations. Communication provides an understanding of the intentions and capabilities of business partners. Communication is the early establishment of a relationship.

Satisfaction is a form of emotional reaction to the experience of a service (Oliver in Rahman, 2012). According to Woodside *et al.* in Widodo (2012) consumer satisfaction is the shape of the feeling of pleasure or disappointment after consumers feel the service when they make purchases. Customer satisfaction is the assessment of the customer to the product or service if it meets the needs and expectations of customers. Customer satisfaction can be formed through a three-dimensional (Andreassen in Widodo, 2012), namely:

1. The level of satisfaction with the overall service.
2. The level of satisfaction with the service when compared to similar services.
3. The level of satisfaction with the service during a relationship with the company.

RESEARCH METHODS

This research is a quantitative research; quantitative research according to Silalahi (2012: 76) is a research approach that is objective, covering the collection and analysis of quantitative data, and using statistical testing methods. This study uses Partial Least Square (PLS) as an analytical tool. The sample selection would be to use non-probability sampling because each population does not have the same opportunity. The sampling technique used purposive sampling. Purposive sampling is used because researchers use specific considerations (Umar, 2013: 92). Consideration is done is B2B TSM consumers who never make purchases at TSM, a minimum of three times.

The number of samples that should be used is calculated using the Slovin's formula. Samples were obtained from 60 respondents Slovin's formula. Fault tolerance limits are used by 10%. The data used in this study there are two kinds, namely primary data and secondary data. Primary data is data obtained directly from the respondents. Primary data were obtained through answers to the questionnaire were distributed. Secondary data is data in the form of references from previous studies that used as a support.

Data analysis is the process of simplification of data into a form that is easier to read and implemented. Analysis techniques are used to interpret and analyze data. In accordance with the model developed in this study, the data analysis tool used is Partial Least Square Structural Equation Modeling (PLS-SEM).

Model analysis using the PLS is more appropriate in this research because research measurement model is a combination of formative and reflective models. In addition, the use of PLS in this study caused also by the small sample size (60 respondents).

Evaluation models using multiple testing, testing on the outer model and inner model. On the outer test models, testing different on each model constructs. On testing the construct reflective look validity (convergent validity and discriminant validity) and reliability. In the formative constructs look at the significance of weight. In the inner testing the model will look at the R Square and Q Square. Below is an explanation.

Table 1. Rule of Thumb

Validity	Parameter	Rule of Thumb
<i>Convergent Validity</i>	<i>Factor Loading</i>	>0,5
	AVE	>0,5
	<i>Communalitiy</i>	>0,5
<i>Discriminant Validity</i>	<i>Cross Loading</i>	Cross loading between the indicator value > cross loading between the indicator values with one another
Reliability	<i>Cronbach's Alpha</i>	>0.6
	<i>Composite Reliability</i>	>0.7
	Significant of <i>Weight</i>	<ul style="list-style-type: none"> • > 1,65 (level of significant 10%) • >1,96 (level of significant 5%) • >2,58 (level of significant 1%)
Inner Model	R-Square	0,75 (strong), 0,5 (moderate), and 0,25 (weak)
	Q^2 <i>Predictice relevance</i>	0,35 (strong), 0,15 (moderate), and 0,02 (weak)
Hipotesis test	Significant (2-tailed)	t-statistic > 1,65 (level of significant 10%), >1,96 (level of significant 5%), >2,58 (level of significant 1%)

FINDINGS

Questionnaire validity and reliability tested by using SPSS version 20, the test show that the questioner valid and reliable. Respondents based on the characteristics of sex in this study were divided into two, men and women. Number of male respondents who filled out questionnaires in this study amounted to 54 people (90 %). Number of female respondents who filled out questionnaires in this study amounted to 6 people (10 %) . Characteristics of respondents by age category are divided into eight age groups can be seen that 27% of consumers TSM are consumers aged between 32 to 37 years. Age with the smallest percentage (2 %) is a TSM consumers aged between 56-61 years. On the characteristics of the job criteria dominated by the interior designers (97 %) and other works are furniture (3 %) . The job characteristics in accordance with the target markets are headed TSM is interior designer and furniture.

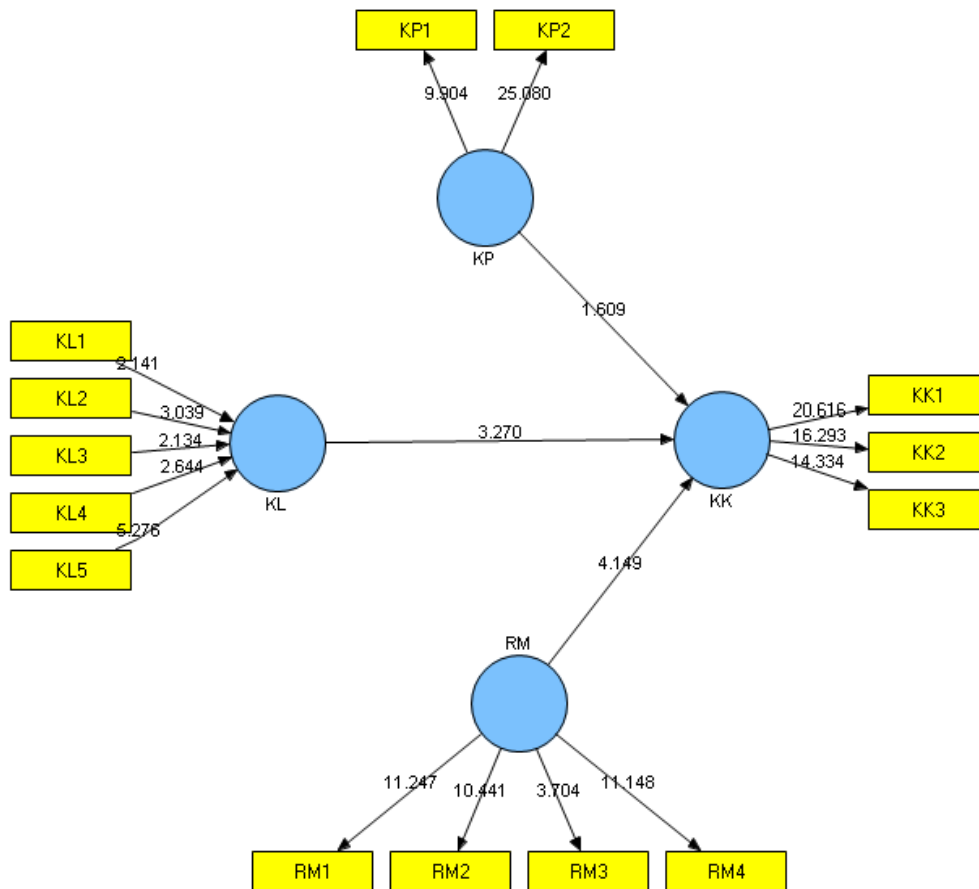


Figure 1. PLS Bootstrapping

DISCUSSION

T-statistic values product quality by 1653, greater than the value of 1.65 t-table so that it indicates that the variable Product Quality (X_1) has a significant influence on consumer satisfaction (γ_1) TSM.

The results are consistent with previous studies, the research done by According Tanuwijaya and Anshori (2013) the quality of the product has an influence on customer satisfaction.

According to Kerin *et al.* (2013) are the goods, services, or ideas that include tangible and intangible attributes to satisfy the needs of consumers. Product quality according to Kotler and Keller (2012: 143) is the totality of characteristics and features of a product or service that has a relationship with the product or service's ability to meet the needs.

T-statistic values of service quality by 3389, greater than the value of 1.65 t-table so that it indicates that the variable service quality (X_2) has a significant influence on Customer Satisfaction (γ_2) TSM.

This research is consistent with prior research conducted by the Tanuwijaya and Anshori (2013) the product quality has an influence on customer satisfaction. According to Widodo (2012) explains that service quality has a positive effect on customer satisfaction. According to Kerin *et al.* (2013) ministry or service to create value for customer satisfaction, value given in the form of quality.

T-statistic values customer satisfaction for 3741 is greater than the value of 1.65 t-table so that it indicates that the variable relationship marketing (X_3) has a significant influence on customer satisfaction (γ_3) TSM

This study agrees with studies Payne and Pennie (2013) that relationship marketing is used to improve the continuity of relationships with existing customers and continues to seek and obtain new customers; the concept of customer satisfaction should be enforced. According to Chavan and Faizan (2013) relationship marketing especially tangible dimension greatly affects customer satisfaction in the banking industry. According to Al-Hersh *et al.* (2014) customer relationship marketing has a positive impact on consumer satisfaction.

CONCLUSION

The variable of product quality has an influence on customer satisfaction significantly. The variable of product quality TSM's consumer pay more attention to the quality of the product compared to the diversity of its products.

Service quality variable has a significant influence on satisfaction TSM's consumer. Tangible indicators have the greatest impact among the other indicators of the services quality.

Relationship marketing variable has a significant influence on consumer satisfaction TSM. At this variable, indicator trust has the greatest impact compared with other indicators in the relationship marketing variable.

Relationship marketing holds the greatest influence of all three variables X above. Variable product quality and service quality has influence but not for relationship marketing.

Suggestions short term and medium term will focus on the service quality variable. In the short-term advice given to TSM are augment the fleet (personnel and vehicles). Additional staff is needed to accelerate the delivery of information about inventory and order handling goods. The addition of a vehicle used to accelerate the delivery of goods to consumers, so consumers will be satisfied about the service and delivery of goods. TSM medium term suggestions will be working with HPL agent, so that TSM can provide a warranty on consumers.

Long-term suggestions will do is improve the relationship marketing through the collection of consumer data. TSM consumer data collection is necessary because consumers want to be noticed through TSM considering all the data recap consumer purchases.

In a subsequent study researchers can be expected:

1. Examining all dimensions contained in the product quality and relationship marketing.
 - The dimension of product quality there are 8 dimensions to measure the quality of the products and on relationship marketing there are 10 dimensions measuring relationship marketing, in this study only uses two-dimensional and four-dimensional product quality relationship marketing. Therefore, further research is recommended to investigate all dimensions contained in the product quality and relationship marketing.
2. Using other variables that may affect customer satisfaction.

- The research is based on a pre-study has been done and found to be variable. For further research can by using the theory of pre-study or use the question again to see is there any other variables that may affect customer satisfaction TSM.
3. Examining until the consumer loyalty
 4. Evaluate the improvements made companies
 5. Adding a study in order to obtain a more optimal answer to development TSM

Limitations Research

This study has several limitations, among others:

1. The study only focused on TSM Surabaya
2. This study only refers to the financial statements TSM from January 2014 until December 2014.
3. The study was confined to the TSM consumer data recorded on January 2014 until December 2014 and the consumer area of Surabaya.

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