

# QUALITY OF SERVICE, SATISFACTION AND THE EFFECT TOWARDS CUSTOMER LOYALTY

Suwarsito<sup>1\*</sup>, Syukri Ghozali<sup>2</sup>, Herlin Widasiwi Setianingrum<sup>3</sup>, Sufi Alawiyah<sup>4</sup>

<sup>1\*,2,3,4</sup> Universitas Bina Sarana Informatika, Jl. Kramat Raya No. 98, Jakarta Pusat, Telp. (021) 8000063

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### Authors Email :

suwarsito.swr@bsi.ac.id\*

syukri.sgl@bsi.ac.id

herlin.hww@bsi.ac.id

sufi.sfy@bsi.ac.id

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## ABSTRACT

The purpose of the research is to analyze and identify the effect of the service quality and satisfaction variables toward customer loyalty. The data collection method used in this research uses the survey method with questionnaires. This research population is the customers of Indosat Unlimited in Depok. From the results of the analysis, it shows that the service quality significantly influences the customer loyalty, proven by the *t* significant value of 0.000 smaller than a 0.05 with the coefficient of 2.537. Quality of service has a significant effect on the customer loyalty shown by the *t* significant value 0.000 less than 0.05. Service quality and satisfaction significantly influence the customer loyalty shown by *F* value of 0.000 smaller than 0.05 and are able to contribute to the customer loyalty variables of 0.504 or 51.7%. The remaining 48.3% is influenced by other variables that are not analyzed in this research.

## INTRODUCTION

In modern times like today the internet has been very much needed in life. Almost every day we are connected to the internet network. The rapid development of the digital era at this time, greatly helps the world community to provide ease of service and unlimited coverage. As the rapid development of technology, making internet users in the world also soared. Moreover, for the millennial generation, both for daily life and business activities cannot be separated from the so-called internet technology.

According to Sibero (2011), the Internet is the Inter-connected Network which is a computer network that connects computers globally. The internet can work the same as a computer network, and also a local computer network or a wider area computer network, and the internet uses a communication protocol that is the same as TCP / IP (Transmission Control Protocol / Control Protocol), with the increasing use of the internet, many internet service providers have sprung up that offer various types of internet services according to customer needs. With more and more internet service providers popping up in Indonesia, there will be tougher competition to win the interest and loyalty of customers. Many different ways are done by providers to be able to meet the needs, satisfaction and loyalty of their customers.

Indosat as one of the internet service providers in Indonesia also continues to improve their services. One of them is by using the Indosat Unlimited package. Indosat Unlimited provides service packages at affordable prices with speed packages that can be selected according to customer needs.

With the increase in service, is it enough to be able to maintain the loyalty of their customers or even be able to increase the number of their customers. This question then underlies researchers to see the extent to which service quality and satisfaction can influence Indosat Unlimited customer loyalty, This paper significantly to reach and a) to find out the influence of service quality and satisfaction together on Indosat Unlimited customer loyalty, b) to find out the partial effect of service quality on Indosat Unlimited customer loyalty, and c) to find out the partial effect of satisfaction on Indosat Unlimited customer loyalty.

According to Kotler (2011) quality must begin with customer needs and end with customer perception. Means that a good quality image is not seen from the perception of the company or service provider, but based on the perception of customers. Supranto (2011) says that quality of service is a word which means something that must be done correctly and properly by a service provider. Meanwhile based on Groonroos (in Ratminto, 2008) quality of service is a series of invisible activity that happens as a result of interactions between employees and customers or the other things that are provided by the service provider which is aimed to solve customer problems.

When tangible products cannot be easily distinguished, the main key to competitive success lies in adding value to good services and improving product quality. Distinguishing services that can be enjoyed by consumers are the ease of ordering, shipping, installation or installation, consumer training, consumer consulting, and maintenance and repair (Mahmud Machfoedz, 2010).

The service quality dimension (SERVQUAL) by Parasuraman (in Lupiyoadi, 2014) is divided into five SERVQUAL dimensions including: a) Tangibles (Physical Evidence), The ability of a company to show its existence to external parties. The capability of company's infrastructure and physical facilities as well as the condition of the surrounding environment are tangible evidence of the services, b) Reliability, The ability of company in providing services accurately and reliably as promised. Performance must be in accordance with customer expectations, c) Responsiveness, The willingness to provide, help and giving and appropriate and responsive services to customers, d) Assurance (Guarantee and Certainty), The ability of company's employees to grow customers' trust in the company, that consists of several components such as security, credibility, communication, courtesy and competence, and e) Emphaty (Empathy), Giving sincere attention to customers by understanding the customers' need, it is the condition where a company is expected to have a good understanding and knowledge of customers, which means able to understand customers' need specifically.

Satisfaction or satisfaction comes from the Latin satis (meaning pretty good, adequate) and facio (doing or making). In simple satisfaction can be interpreted as an effort to fulfill something or make something adequate. However, from the perspective of consumer behavior, the term consumer satisfaction then becomes something complex. According to Kotler and Armstrong (2016) consumer satisfaction is the extent to which a product's perceived performance matches a buyer's expectation. Consumer satisfaction is the level where an achievement of performance of a product received by consumers is equal to the expectations of consumers themselves. Meanwhile according to Irawan (2008), customer

satisfaction is the accumulation value of customers in using services and products. Customers are satisfied if after buying the product, it turns out the product quality is good. Therefore, every transaction or new experience, will give effect to customer satisfaction.

Satisfied consumers are consumers who will share their taste and experience with other consumers. Views on customer satisfaction vary greatly, diversity will give readers a broader understanding. There is no single best measure of customer satisfaction that is universally agreed upon. However, in the midst of various ways of measuring customer satisfaction, there are some common core concepts regarding measurement objects as follows: a) Overall Customer Satisfaction (Overall Customer Satisfaction) The simplest way to measure customer satisfaction is to directly ask consumers how satisfied they are with certain specific products or services. Usually, there are two parts to the measurement process. First, measuring the level of customer satisfaction with the company's products or services. Second, assess and compare with the overall level of customer satisfaction with the products or services of competitors, b) Confirmation of Expectations. In this concept, customer satisfaction is not measured directly, but concluded based on the suitability / mismatch between consumer expectations with the actual performance of the company's services or products on a number of important attributes or dimensions, and c) Willingness to Recommend (Willingness To Recommend). In the case of a relatively long repurchase or even a one-time purchase, consumers' willingness to recommend friends or family is an important measure to analyze and follow up on.

According to Kotler there are five indicators that must be considered in determining customer satisfaction: a) Quality of Service, Customers will be satisfied if the service is as good as they have previously expected, b) Product quality, Customers will be satisfied if their evaluation results show that the products they are using are of high quality, c) Emotional, Customers will have the confidence and feel proud if other people are impressed when using products with certain brands, resulting in higher satisfaction. Satisfaction is gained not because of the product quality but the social value or self-esteem which makes customer satisfied with certain brands, d) Price, Products having the same quality but set the prices relatively inexpensive will provide relatively high value to consumers, leading to satisfaction and e) Cost and Convenience, Customers who do not need to waste time or incur additional costs to get a product or service tend to be satisfied with service or the product. Based on the above opinion it can be concluded that in determining the level of customer satisfaction satisfaction includes indicators of product quality, service quality, emotional, price and cost and convenience

Hurriyati (2014) states that customer loyalty (customer loyalty) is a very important impetus for creating sales. According to Engel (2012), loyalty is also defined as a deep commitment to repurchase or repeat the pattern of product or service preference in the future, which causes repeated purchases of the same brand or a set of the same brand, despite the involvement of situational factors and efforts. marketing efforts that have the potential to cause brand switching behavior.

Loyal customers always refuse if offered a product or service from another company (competitors). They already have their own love for products or services that have been used. Dick & Basu in Tjiptono (2010) explained that loyalty includes two important components, namely in the form of loyalty as behavior and loyalty as attitude. The combination of these two

components will result in four types of possible situations of loyalty, namely: no loyalty, spurious loyalty, latent loyalty, and loyalty ". Tjiptono (2011) describes four types of situations of possible loyalty from Dick & Basu, as follows: a) No Loyalty, This can happen if the attitudes and behavior of customer repurchases are equally weak, so loyalty is not formed, b) Spurious Loyalty, This situation is characterized by the influence of non-attitudes toward behavior, such as subjective norms and situational factors. This kind of situation can also be said to be inertia, where consumers find it difficult to differentiate various brands in product categories with a low level of involvement. So repurchases are made based on situational considerations, such as familiarity (due to strategic product placement on display shelves, outlet locations in shopping centers), c) Latent Loyalty, The latent loyalty situation is reflected when a strong attitude is accompanied by a weak repurchase pattern. The situation that is of great concern to marketers is due to the influence of non-attitude factors that are equally strong or even tend to be stronger than attitude factors in determining repeat purchases and d) Loyalty, This situation is the ideal situation that most marketers expect. Where consumers are positive about the product or manufacturer and accompanied by a consistent repurchase pattern

## METHODOLOGY

This type of research used in this research is explanatory research or explanatory research with quantitative approaches. Samples used in this reasearch were 52 respondents of Indosat Unlimited service customers in Cimanggis Depok. The technique of sampling used is random sampling technique. Techniques of data analysis used are: a) Descriptive analysis, Descriptive analysis is necessary in research variables. With these variables, analysis can be conducted to obtain information about many things. (Umar, 2011), b) multiple linear regression analysis, Analysis of multiple linear equation models is used to regress independent and dependent variables simultaneously, c) F test, to test the effect of the independent variables simultaneously on the dependent variable and d) T test, T test was conducted to test the significance of each independent variable partially, in this study the regression model used is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

Y = customer loyalty  
X1 = service quality  
X2 = satisfaction  
a = constant  
b1, b2 = regression coefficient

## RESULTS AND DISCUSSION

The test of linearity is conducted to determine the techniques in regression analysis whether the the dependent and independent variables are linear. This test uses SPSS 20.0 calculations, Linearity Regression of the influence of variable X1 on Y, Regression linearity test results between service quality and customer loyalty, calculation of SPSS 20.0 as follows:

**Table 1. Test Results of Variable Y Regression Linearity over X1**

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
LOYALITAS PELANGGAN * KUALITAS LAYANAN		(Combined)	377.608	26	14.523	2.155	.029
	Between Groups	Linearity	220.998	1	220.998	32.799	.000
		Deviation from Linearity	156.610	25	6.264	.930	.572
	Within Groups		168.450	25	6.738		
	Total		546.058	51			

Source: Data Processing, 2019

Based on the above calculation results obtained by the calculation of Deviation from Linearity with  $F_o = 0.90$  and  $Sig. = .572 > 0.05$ . This has the understanding that the variable service quality with customer loyalty has a linear relationship, a) Linearity Regression of the influence of variable X2 on Y. The results of the regression linearity test between Satisfaction and Customer Loyalty, calculation of SPSS 20.0 as follows:

**Table 2. Test Results of Variable Y Regression Linearity over X2**

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
LOYALITAS PELANGGAN * KEPUASAN		(Combined)	315.941	28	11.284	1.128	.388
	Between Groups	Linearity	231.963	1	231.963	23.185	.000
		Deviation from Linearity	83.978	27	3.110	.311	.998
	Within Groups		230.117	23	10.005		
	Total		546.058	51			

Source: Data Processing, 2019

Based on the above calculation results, it is obtained that  $F = 0.311$  and  $Sig. = 0.998 > 0.05$ . This has the understanding that the variable satisfaction with customer loyalty has a linear relationship.

### Discussion

The results of calculations and tests can be seen in the table below:

**Table 3. Results of Calculation of Testing for Multiple Correlation Coefficient Variables X1 and X2 against Y**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719 <sup>a</sup>	.517	.498	2.319

a. Predictors: (Constant), KEPUASAN, KUALITAS LAYANAN

b. Dependent Variable: LOYALITAS PELANGGAN

Source: Data Processing, 2019

**Table 4. Results of Calculation of Significance Testing of Regression Coefficient of Variables X1 and X2 to Y**

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	282.471	2	141.236	26.255	.000 <sup>b</sup>
Residual	263.586	49	5.379		
Total	546.058	51			

a. Dependent Variable: LOYALITAS PELANGGAN

b. Predictors: (Constant), KEPUASAN, KUALITAS LAYANAN

Source: Data Processing, 2019

**Table 5. Results of Calculation of Multiple Regression Equations for Variables X1 and X2 with Y**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	61.059	1.951		31.299	.000
	KUALITAS LAYANAN	.116	.038	.382	3.064	.004
	KEPUASAN	.150	.044	.421	3.380	.001

a. Dependent Variable: LOYALITAS PELANGGAN

Source: Data Processing, 2019

**Effect of service quality (X1) and satisfaction (X2) together on customer loyalty. (Y)**

The hypothesis that will be tested:

$$H_0: \beta_{y1} = \beta_{y2} = 0$$

$$H_1: \beta_{y1} \neq 0, \text{ atau } \beta_{y2} \neq 0$$

H0: there is no influence of service quality and satisfaction together on customer loyalty.

H1: there is an influence of service quality and satisfaction together on customer loyalty.

From the table above there is a significant influence on service quality and satisfaction together on customer loyalty. This is evidenced by the acquisition of values of  $F = 26,255$  and  $\text{Sig. } 0,000 < 0,05$ , Meanwhile, the multiple regression line equation can be expressed with  $\hat{Y} = 61.059 + 0.116 X_1 + 0.150 X_2$ . This means that an increase in one score of service quality and satisfaction variables contributes 0.116 by  $X_1$  and 0.150 by  $X_2$  to the customer loyalty variable. From the table above it can also be explained that the service quality and satisfaction variables simultaneously contributed 51.7% to the customer loyalty variable.

**Effect of service quality (X1) on customer loyalty. (Y)**

The hypothesis that will be tested:

$$H_0: \beta_{y1} = 0$$

$$H_1: \beta_{y1} \neq 0$$

H0: there is no effect of service quality on customer loyalty.

H1: there is an influence of service quality on customer loyalty.

From the table above, there is a significant effect on service quality on customer loyalty. This is evidenced by the acquisition of  $\text{Sig. } 0,000 < 0,05$ , The contribution of service quality variables to customer loyalty. can be stated by the formula: a)  $DC = \beta_{x1y}$  Value x Value of its Passive Correlation ( $r_{x1y}$ ) x 100%, b),  $DC = 0.636 \times 0.382 \times 100\% = 24.29\%$ , From the results of the above calculation it can be stated that the contribution of service quality in increasing customer loyalty is 24.29%



### ***Effect of Satisfaction (X2) on customer loyalty (Y)***

The hypothesis that will be tested:

$$H_0: \beta_{y1} = 0$$

$$H_1: \beta_{y1} \neq 0$$

H0: there is no effect of service quality on customer loyalty.

H1: there is an influence of service quality on customer loyalty.

From the table above it can be concluded that there is a significant effect of satisfaction on customer loyalty. This is proven by the acquisition of value and Sig. 0.001 < 0.05, The satisfaction variable contribution to customer loyalty. Can be stated with the formula: a) DC =  $\beta_{x2y}$  Value x Value of its Passive Correlation ( $r_{x2y}$ ) x 100%, b) DC = 0.652 x 0.421 x 100% = 27.45%. From the results of the above calculation it can be concluded that the contribution of service quality in increasing customer loyalty is 27.45%.

### **CONCLUSIONS**

In this study we purpose some conclusions: 1) Service quality has a significant effect on customer loyalty, 2) Satisfaction has a significant effect on customer loyalty and 3) Service quality and satisfaction simultaneously have a significant effect on customer loyalty, Suggestion in this research: 1) Providers need to further improve the quality of service so that they can further increase customer loyalty, for example by performing routine network maintenance or by responding quickly to customer complaints, 2) Maintaining or increasing data transfer speeds so that customer satisfaction is maintained and does not increase package prices without an increase in service, 3) For further researchers, it is expected to conduct research development by using other independent variables so that it can provide a better influence on customer loyalty.

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