

The Influence of Service Quality on Loyalty Through Satisfaction at The Elizabeth Store in Palangka Raya

Rita Yuanita Toendan^{1*}, Noorjaya Nahan²

University of Palangka Raya

Corresponding Author: Rita Yuanita Toendan rita.yuanita@feb.upr.ac.id

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ABSTRACT

Research in the field of marketing with the aim of this research is to measure and analyze the influence of service quality on customer loyalty at Elizabeth Store Palangka Raya. Measuring and analyzing the influence of satisfaction on loyalty at Elizabeth Store Palangka Raya. Measuring and analyzing the influence of service quality on satisfaction by analyzing the influence of service quality on loyalty through satisfaction. The population in this study were 150 consumers who shopped at the Elizabeth Store in Palangka Raya City. Primary and secondary data sources, data collection methods using observation, and distributing questionnaires. The analytical tool used in this research is Smart-PLS Version 3.0. The results of this research show that service quality has a positive and significant effect on loyalty. Consumer satisfaction has a positive and significant effect on loyalty. Service quality has a positive and significant effect on satisfaction. Service Quality on loyalty through Satisfaction has a positive and significant effect. The implications of the results show that service quality is important in increasing consumer satisfaction so that they trust the store as shown by loyalty

INTRODUCTION

Along with technology advancements and a number of other variables that contribute to the growth and development of enterprises and rivalry, the business world is currently experiencing rapid expansion and competitiveness (Kristinae et al., 2019). Enhancing systems for service quality helps many firms expand (Negara et al., 2021). One way to do this is to modify the company in order to preserve customer ties (Kristinae et al., 2020). As a result, in order to grow, businesses and entrepreneurs need to be able to offer products and services that satisfy the needs and expectations of customers.

In order to survive and grow in the business sector, trade entrepreneurs like retailers and contemporary shops are encouraged by intense market competition to search for strategies that are deemed to be the most successful and efficient (Meitiana & Tuwuh Sembhodo, 2022). As the business world develops, business actors are expected to be able to adapt to changes in the consumer market and to thrive in a highly competitive global market in order to meet the objectives of the company (Kristinae et al., 2023).

Following the pandemic, the Elizabeth Store Palangka Raya has seen an increase in the number of weekly visitors. But occasionally, there is a monthly drop of up to 25%. This is due to the triggering of global marketing via digital, so it is necessary to carry out research to provide an idea of a service quality system in order to establish business communications that can bind consumers through a sense of satisfaction and have an impact on loyalty.

Enhancing the quality of service, such as being courteous and serving quickly, is one way to make a customer feel satisfied. One way to think about service quality is as one of the benefits that a company wants. The question then becomes, how can the company manage these benefits to satisfy customer needs? One way to do this is by attempting to connect service quality to customer satisfaction and assuming that satisfaction will increase significantly when customers receive fairly good service – that is, when the service that is provided is equal to or better than what is perceived. Research confirms this as well. Every business that sells goods must have effective sales tactics or plans in place in order for their offerings to be successfully sold (Elia et al., 2022). How well customers are served and the caliber of that service is one sales tactic. For customers to be satisfied, the company's performance in terms of service quality is paramount. Customer satisfaction will be impacted if these issues are not adequately addressed and given attention.

The goal of developing and putting into practice these tactics for optimizing service quality is to satisfy customers. There are five aspects of service quality that should be taken into account: tangibles, assurance, responsiveness, reliability, and empathy. Every business wants to satisfy its customers, and this is one of its top priorities. If a consumer is pleased with a product's value, they will likely stick with it for a long time, according to Adam et al. (2023). Loyalty can also be said to be the behavior of a consumer who makes repeated purchases using a product but does not include the sensory aspects of the product. Problems related to service quality are not complicated, but if this is not paid attention to, it will give rise to things that are vulnerable because of its very sensitive nature.

LITERATURE REVIEW

1. Service Quality

Appropriate quality management has a good impact on achieving customer satisfaction. Businesses can enhance customer satisfaction by optimizing positive client experiences, reducing or eliminating negative experiences, and fostering customer loyalty (Naini et al., 2022). According to earlier studies, meeting customer expectations is the key to controlling the desired level of excellence, which is service quality. Furthermore, as quality is a situation that is constantly changing, service quality include attempts to meet or surpass client expectations.

The following is a ranking of the primary service quality activities in terms of relative importance:

- a) The ability of the business to precisely provide the services it has promised from the outset is known as reliability.
- b) Reactivity, or the ability and desire of service providers to assist clients and act upon their demands right away.
- c) Guarantee (Assurance), pertaining to staff expertise and manners as well as their capacity to instill confidence and trust in clients.
- d) Empathy is the ability of a business to relate to its clients' issues, act in their best interests, give them individual attention, and maintain convenient business hours.
- e) Tangible physical evidence pertaining to the outward look of business communications materials, personnel, equipment, and service facilities.

2. Consumer Satisfaction

Consumer satisfaction is defined as the reaction of the consumer to the assessment of perceived differences between service accrual performance and expectations (Dam & Dam, 2021). When a person compares the perceived performance (or results) of a product to their expectations, they are satisfied or disappointed. Customers are not going to be happy if the performance falls short of their expectations. If the performance is up to par, they will be happy. Customers will be extremely happy if performance meets or beyond their expectations (Rita et al., 2019).

Three elements make up customer satisfaction: answers about a certain topic decided upon at a specific moment. The advantages of customer satisfaction for businesses include: a boost to customer loyalty; the potential to generate income from cross-selling, upselling, and repeat business; a decrease in future customer transaction costs, particularly those related to sales, customer service, and communication; a reduction in volatility and risk associated with projections of future cash flow; an increase in price tolerance, particularly the capacity to pay higher prices and a deterrent to customers switching suppliers; positive infectious disease recommendation; consumers are more likely to be open to the company's offering of new add-on services, brand extensions, and product line expansions; and the company's increased relative bargaining power over its network of suppliers and business partners.

3. Customer Loyalty

The stage of a customer's propensity to act prior to actually making a purchase is known as loyalty (E.S.M.Sinurat, 2017). Repurchase intentions and real purchases are not the same thing. If real purchases are those that customers actually make, then recurrent business from customers who make several transactions indicates loyalty. Part of the behavioral element in the mindset of reliance on a brand or retailer is loyalty. Consumers go through a period in loyalty where they choose from a variety of companies that are part of the choice set. Finally, based on a variety of factors, individuals decide to buy the option that they find most appealing or follow the procedure that customers go through to purchase an item or service. Being loyal implies that customers have more than a purchase interest that arises after an alternative evaluation process (Pappas, 2016). In the evaluation process, someone will make a series of choices regarding the product they want to buy based on brand or interest.

Customer loyalty is shaped by the following factors: 1. Attitudes of others
The intensity of other people's unfavorable attitudes against the consumer's preferred alternative and the consumer's motivation to comply with other people's wishes are the two factors that determine how much a person's preferred alternative is reduced by other people's attitudes.

Unexpected circumstances

Later on, this element may have the power to alter how customers behave when making purchases. Whether or whether the customer is confident in his ability to make a purchase decision is up to him.

4. Conceptual Framework

Link between loyalty and service quality

Consumer behavior that encourages a desire to own something and makes an effort to obtain it is known as loyalty. According to Segoro and Limakrisna (2020), services are any intangible business activity that may be used to satisfy the demands and preferences of customers. In order for a business to survive, it must supply its customers with tangibles, dependability, responsiveness, assurance, and good empathy. Without customers, there would be no exchanges of goods or services between the two sides. In general, the goal of offering high-quality services is to satisfy customers in order to boost their desire to use the services again (Ritonga & Ganyang, 2020).

Connection between Customer Satisfaction and Service Quality

According to Afthanorhan et al. (2019), every marketer aspires to give customers the highest caliber of service in the form of tangibles, dependability, responsiveness, assurance, and empathetic dimensions. It is intended that customers will feel satisfied by providing the highest level of service. It is believed that customers will return to the location to shop if they are pleased with the caliber of service received.

The Connection Between Loyalty and Satisfaction

When someone compares how well they believe a product (or set of results) performed compared to their expectations, they can express their satisfaction or disappointment. Customers are not going to be happy if the performance falls short of their expectations. Customers will be happy if performance lives up to expectations (Fida et al., 2020). When a performance

surpasses expectations, clients will be really happy. Repeat purchases are a sign of a customer's loyalty, which is impacted by their level of satisfaction.

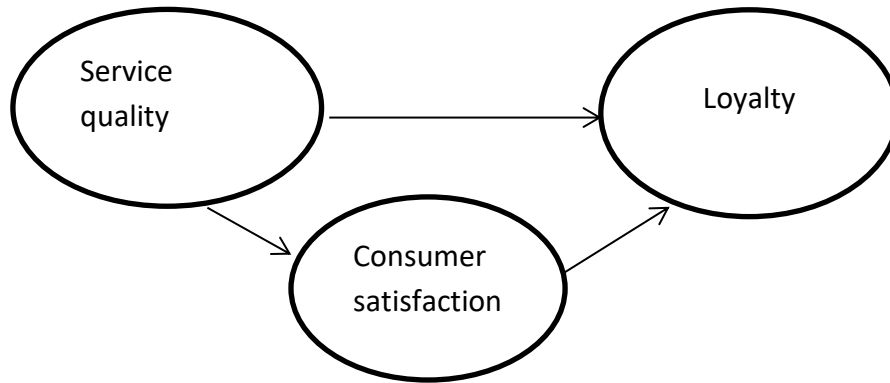


Figure 1. Research Conceptual Framework

METHODOLOGY

Questionnaires are utilized in this sort of quantitative research, where data is collected through in-person meetings with respondents and distribution of questionnaires to customers who buy at the Elizabeth Store in Palangka Raya. Partial Least Square (PLS) was employed in this study's Validity Test (Becker et al., 2023). When an indicator's outer loading value is between 0.50 and 0.60, it is regarded as fairly valid. Partial Least Square (PLS) is used in this study's Reality Test. The outcomes of the composite reliability values and Cronbach's alpha test will be evident. According to Genther et al. (2023), an indicator is considered reliable if it satisfies the Cronbach's alpha standards for each study variable, which call for an alpha of > 0.60 . Statistical methods used in descriptive analysis statistics that are used to analyze data by describing or illustrating the data that has been collected as it is without the intention of making general conclusions or generalizations. Using tables, graphs, pie charts, pictograms, calculating mode, median, and mean (a measure of central tendency), calculating deciles and percentiles, calculating data distribution using averages and standard deviations, and calculating percentages are all examples of descriptive statistics (Sarstedt et al., 2020). 150 consumers who met the requirement of having made at least two purchases at Elizabeth Store Palangka Raya were the responders. Path analysis with Structural Equation Modeling (SEM) Partial Least Square (PLS) is the data analysis method used in this study. With a 95% confidence level, the researcher employed a 5% acceptable error level in this study.

RESULTS AND DISCUSSION

1. Analysis Results

The goal of inner model or structural model evaluation is to forecast the latent variable association. This paradigm is also put to the test through hypothesis testing. If there is a significant link between the variables – that is, if the crucial value (t-statistic) is more than 1.65 – the hypothesis will be validated. The degree of significance applied in this study also influences hypothesis testing. This study employed a significance threshold of 5%, or 0.005. The purpose of this step of hypothesis testing is to evaluate the research hypothesis as it has been proposed based on the processing of research data and the analytical results shown in Table 1. A t-test is used to do the testing; if the t-test is 1.96 and the p-value is ≤ 0.05 (alpha 5%), it is concluded that it is significant and vice versa.

Upon reaching the statistical threshold for the outer loading value, the Path Model is deemed viable for further analysis. based on a convergent validity indicator test score of >0.7 . Because of this, the next stage in the Smart-PLS 3.0 process is to infer conclusions from the subsequent test path.

Table 1. Test of Direct Effect Hypothesis Results

Hipotesis	Variabel	Original Sample	Sample Mean	Standard Deviation	T- Statistik	P Values
H1	Service Quality → Loyalty	0.614	0.762	0.051	19.376	0.00
H2	Satisfaction → Loyalty	0.538	0.612	0.058	18.771	0.00
H3	Service Quality → Satisfaction	0.447	0.573	0.048	11.536	0.00

Source: Authors, (2023)

2. Discussion of Results

H1: Loyalty is positively and significantly impacted by service quality

The first hypothesis can be supported since the test findings indicate that the p-value for the Service Quality variable on loyalty is $0.00 < 0.05$, supporting H1's claim that Service Quality has a positive and significant effect on loyalty.

H2: Loyalty is positively and significantly impacted by satisfaction

The second hypothesis can be supported since the test findings indicate that the p-value for the contentment with Loyalty variable is $0.00 < 0.05$, supporting H2's claim that customer contentment has a positive and substantial impact on loyalty.

H3: Customer satisfaction is positively and significantly impacted by service quality

The third hypothesis can be supported since the test findings indicate that the p-value for the Service Quality variable on Satisfaction is $0.00 < 0.05$,

supporting the hypothesis that Service Quality has a positive and significant effect on Satisfaction

Table 2. Hypothesis Test Results for Indirect Effects

Hipotesis	Variabel	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H4	Service Quality → Satisfaction → Loyalty	0.421	0.359	0.044	13.581	0.00

H4: Through satisfaction, service quality significantly and favorably affects loyalty.

The test results indicate that the third hypothesis, which states that Service Quality has a positive and significant effect on Loyalty through Customer Satisfaction, is acceptable. The p-value for the Service Quality variable has a positive and significant effect on Loyalty through Customer Satisfaction of $0.00 < 0.05$.

CONCLUSION

1. The five aspects of service quality are as follows: 1. Factors (Christa & Kristinae, 2021) (appearance of physical facilities, equipment, personnel and communications materials) identify tangibles or physical evidence; 2. The capacity to deliver promised services precisely and reliably –that is, the capacity to carry out promised services precisely and reliably –is known as reliability or noise; 3). The willingness to assist clients and offer prompt service is known as responsiveness, or the desire of service providers to be helpful and responsive; 4). Employee knowledge and politeness, as well as the company's and its workers' capacity to inspire customer hope and confidence, constitute assurance, guarantee, and certainty (employee knowledge and politeness and the company's and its employees' ability to generate trust and confidence); 5) Empathy is the specific attention and care a business provides to each of its clients (caring, the specific attention a company provides to its customers). To gauge interest in repeat purchases, there are four indicators: 1) Transactional interest, or the propensity to purchase; 2) Preferential interest, or interest characterizing the actions of an individual with a dominant inclination towards the product (Christa et al., 2020). If something were to happen to the favorite product, this preference might shift; 3) Referential interest, or the propensity for an individual to recommend things to others; 4) Explorative interest refers to the conduct of an individual who persistently seeks for information regarding the products they are considering and information bolstering the products' advantageous aspects they subscribe to.
2. The analysis's findings indicate that the influence variable of consumer happiness on loyalty has a p-value of less than 0.005, indicating a positive and

statistically significant relationship between the two. If the company's services live up to customer expectations and are of a high caliber, then customers will be satisfied with what they get from it. Conversely, if customers' expectations are not satisfied and they believe the quality of the service is subpar, they will be unhappy and might even decide to quit the business. One of a company's most valuable assets is its customers. Finding clients to purchase goods, products, or services for will be easier than cultivating a devoted the first time. By creating a form of Service Quality, consumers will feel satisfied and comfortable. Due to the comfort and satisfaction of consumers, consumers will intend to make repeat purchases.

3. Given the implications of the data analysis results, it is hoped that more research on service quality through consumer satisfaction will be conducted using various research techniques, larger sample sizes, and more comprehensive research instruments. This way, the research will not only focus on loyalty but also be applicable to business.

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