

Effect Of Product Quality And Service On Customer Loyalty With Customer Satisfaction As An Intervening Variable (Study On Coffee Shop In Medan)

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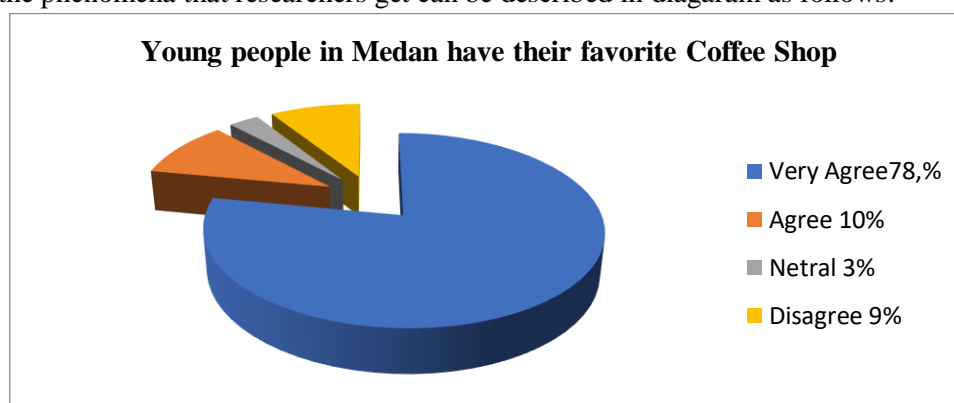
Abstract.

This study is to determine the effect of product quality on consumer loyalty, to determine the quality of service to consumer loyalty. To know the effect of product quality and service quality on customer satisfaction. The type of research used is a type of quantitative research. In this study used 105 sample. Data collection techniques used by researchers in conducting this study is to use an online questionnaire. Data analysis technique of this study is SEM-PLS. From this study it was found that the influence of product quality on customer loyalty is a positive effect and not significant. With a value of 0.163 and P – Values $0.000 < 0.05$. From this study it was found that the influence of product quality on customer satisfaction is a positive effect and not significant. With a value of $0.000 < 0.05$. From this research found that the influence of customer satisfaction on customer loyalty is a positive and significant effect. From this research found that the influence of customer satisfaction on customer loyalty is a positive and significant effect. From this study it was found that the real effect is direct it is shown by the value of the original sample on the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating product quality to customer loyalty. From this study it was found that the real effect is direct it is shown by the value of the original sample on the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating service to customer loyalty.

Keywords : Product Quality, Service Quality, Customer Satisfaction, Customer Loyalty.

I. INTRUDUCTION

In this era of globalization, business competition in the Indonesian market is growing very fast. One of the businesses that is growing rapidly is the culinary business. The growth of the culinary business is growing faster in Indonesia as well as the coffee shop business which is a hangout place for some young people. This can be indicated by the increasing number of new coffee shops with various brands appearing. The development of the coffee business in Indonesia is growing very quickly, this development because changed a lifestyle and trends among the community, especially among young people to hang out. People began to make hanging out in coffee shops into a routine for them to meet and gather with friends nearby, even coffee shops can also be used for a second workplace for workers in addition to the office. Coffee shops began to become a very popular place by the people of indonesia to visit. This phenomenon can make a very potential business opportunity for entrepreneurs This coffee shop or coffee shop business makes people in Indonesia or consumers are faced with several different coffee shop choices. the emergence of various Coffee shops in indonesia can explain that more and more Indonesian people who like to come or visit the coffee shop. There are several phenomena that occur in coffee shop customers in the city of Medan, researchers spread an online questionnaire to young people who like to hang out in the city of Medan coffee shop, one of the phenomena that researchers get can be described in diagam as follows:



Based the diagram above, it can be seen the phenomenon that young people in Medan have their favorite Coffee Shop. They tend to choose one coffee shop that has made them comfortable. In terms of business, this is certainly a very desirable thing for culinary business people, a business is called successful if it manages to get, maintain and grow customers. According to Kotler and Keller (in Kuku Familiar, 2015) loyalty is the only value that companies create by building value that comes from customers who are all company values now and in the future. Its so many coffee Shop business competitors in Medan, is a challenge for them every coffee shop business to be able to survive and improve the quality of its products so that the products they offer can be different from the competitors. Currently many competitors offer coffee beverage products at affordable prices and good quality in Medan. This can trigger unstable sales levels by coffee shop businesses. To that end, the coffee shop businesses are required to be able to prioritize the quality of the coffee beverage products they sell in order to satisfy their customers. A product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a customer want or need (Kotler, 2009). Product quality is an important thing that every company must strive for if it wants its products to compete in the market to satisfy consumer needs and desires (Tirtayasa, 2017). Based on the results of research conducted by (Latihah, 2015), (Arianty, 2015), (Tirtayasa, Istiqamah et al., n.d., 2021)(Astuti & Abdullah, 2017) shows that product quality has a direct and significant effect on customer satisfaction.

The new coffee shops that have sprung up show that the people of Medan are very fond of enjoying drinks or just hanging out (Daulay, 2022). From small coffee shops to large coffee shops providing premium coffee drinks and locations for drinking coffee to small coffee shops providing drinks at very affordable prices to enjoy (I. L. Nasib, 2021). The uniqueness or characteristics of a coffee shop can be a differentiator coupled with its own advantages in the eyes of consumers in order to create a satisfaction for consumers (Tambunan, 2022). Customer satisfaction is a person's feelings of pleasure or disappointment that arise after comparing the performance (results) of the product that is thought to the expected performance. Happy customers are expected to use the product from time to time (Kotler & Armstrong, 2014). Customer satisfaction is seen as a multi-dimensional concept that involves products, costs, facilities, technical (service) and interpersonal aspects as well as the end result. the main determinant of satisfaction (Lestari, 2019). The results of research conducted by (Radiman, Gunawan. A. Wahyuni, 2018), (Jasin, 2014), (Gultom, 2014) resulted that the quality of service has a positive and significant effect on customer satisfaction. These business people are competing to provide things that differentiate their coffee shops from their competitors. Therefore, coffee shop business actors carry out various strategies and carry out various business innovations so as not to lose their customers. One of the business strategies that must be improved from the advantages that every coffee shop has is the quality of service (Suryawan, 2020).

Service quality or service quality is defined as a dynamic condition associated with products, services, human resources, processes and environments that meet or exceed expectations (Tjiptono & Chandra, 2012). Basically, in running a culinary business or coffee shop, it is very important to prioritize service quality (Siregar, 2021). Consumers will definitely be very satisfied with the maximum service provided by business actors. In almost any type of business, entrepreneurs are competing to provide satisfaction to their customers. In this coffee shop business, one way to provide satisfaction to customers is by providing good quality service. The importance of this research is because it is based on the results of research conducted by (Amelia, 2018) service quality has a significant positive effect on customer loyalty. The better the quality of service provided to customers, the higher the loyalty of the customer concerned. The correlation coefficient is included in the interval range which can be interpreted that the strength of the relationship between variables is quite strong. Research conducted by (Nasib, 2017) service quality has a positive and significant effect on consumer loyalty. This shows that the better the quality of service, it can encourage consumers to feel loyal to the product/service. Based on research conducted by (Ningsih, 2020) service quality has a positive and significant effect on consumer loyalty. This shows that the better the quality of service, it can encourage consumers to feel loyal to the product/service. Based on research conducted by

II. METHODS

This type of research is survey Research, because it takes a sample from one population. Through this descriptive research the researcher will explain what actually happened about the current situation being studied. Total of samples was determined by distributing questionnaires for 10 days amounted to 10 respondents, the sample of this study amounted to 105 respondents. Path analysis was chosen in this study, because it is considered in accordance with the research topic. Data analysis using SEM – PLS and path analysis. The data collection technique used a questionnaire which was distributed to all samples. The questionnaire measurement scale uses a Likert scale where: 1: Disagree (TS), 2, Netral (N), 3, Agree (S), 4, Very Agree at (SS) The variables in this study, namely Of Product Quality And Service On Customer Loyalty With Customer Satisfaction As An Intervening Variable.

III. RESULT AND DISCUSSION

Effect of product quality on Customer Loyalty

From this study it was found that the influence of product quality on customer loyalty is a positive effect and not significant. With a value of 0.163 and P – Values $0.000 < 0.05$. The findings mean that the increasing product quality, customer loyalty will also increase. A significant value indicates that the quality of the product affects customer loyalty. Previous research also examined how the relationship between product quality to customer loyalty. Based on previous research conducted by (Sukartiko, 2019) states that product quality does not have a great influence on customer loyalty. And this research is in line, there is also a previous study said that there is a significant influence between product quality variables affect customer loyalty shows that the higher the quality of the product provided, the higher the impact on customer loyalty.

Influence Of Product Quality On Customer Satisfaction

From this study it was found that the influence of product quality on customer satisfaction is a positive effect and not significant. With a value of $0.000 < 0.05$. The findings mean that the increasing product quality, customer satisfaction will also increase. A significant value indicates that the quality of the product means that it affects customer satisfaction. Previous research also examines how the relationship between product quality to customer satisfaction. Based on the results of research conducted by (Dost, 2020) states that the quality of the product proved to have a significant effect on customer satisfaction. Similarly, the research conducted by (Nofriza, 2022) said product quality is the most influential variable on customer satisfaction. This research is in line with previous research. Because even though medan coffee shop provides good quality products and good coffee shop medan customers do not necessarily feel satisfaction, because it is still a lot of other factors that can affect it

Effect Of Service On Customer Loyalty

From this study it was found that the effect of service on customer loyalty is a positive and significant effect. With a path coefficient value of $0.000 < 0.05$. It means the effect of service on customer loyalty is unidirectional, if the value from service increases then customer loyalty will be increases too. This research in this study with previous research conducted by (Martin, 2021) which states that quality service does not guarantee customers will be loyal. But there are also studies that say that service quality has a significant effect on customer loyalty (Nirmalasari, 2019). (Tirtayasa, 2006) the results found there was a significant difference between the order of entry on market share and ROI. The study also found that pioneers performed better than early followers in the achievement of business performance (market share and ROI) and the order of entry had a positive relationship with business performance (market share and ROI). (Gultom, 2014) the results showed that the quality of service (tangible, reliability, responsiveness, assurance, and empathy) affect student satisfaction. (Azhar & Jufrizen, 2017) the results showed that the quality of Service has a positive influence on consumer satisfaction. With so research on coffee shop medan shows that when providing the best service is not necessarily and guarantee customers can be loyal to coffee shop medan, because there are many other indicators that beyond this can affect it.

Effect Of Service On Customer Satisfaction

From this research found that the influence of customer satisfaction on customer loyalty is a positive and significant effect. With a path coefficient value of $0.000 < 0.05$. and its means that the higher the level of service quality will be higher the level of customer satisfaction. This study is in line with research researched by (Purwadi, 2021) which says that the influence of service on customer satisfaction has a positive and significant impact and other studies also say there is a significant influence on service quality on customer satisfaction conducted by (Chen, 2019). (Tirtayasa, 2020) of the 5 dimensions of service quality are reality, reliability, responsiveness, assurance, and care, the main priorities for Kudran I production are the use of experts, the latest operational infrastructure standards, the availability of goods is always optimal, delivery of goods is always on time, the main priority is given to the quality of goods to order. What needs to be covered for Quadrant II is 24-hour Office operations, providing a team that is always available to manage customers, ensuring the protection of product distribution, timely delivery of goods, consumer response speed is a positive perception that needs to be preserved. Quadrant III is a dimension of assurance where consumer attention and feedback is addressed quickly. Hoped to all of coffee shop in Medan, the service is the most important thing in the aspect of business activities, because Service is one of the indicators of success in running a business, the better the service provided coffee shop medan, the more customers are satisfied with the coffee shop in Medan.

Effect Of Customer Satisfaction On Customer Loyalty

From this rearch founded that the influence of customer satisfaction on customer loyalty is a positive and significant influence. With a path coefficient value of $0.000 < 0.05$. it means that the higher the level of customer satisfaction, the higher the level of customer loyalty. This study is in line with research researched by (Jumawan, 2020) which says there is a significant influence between customer satisfaction and customer loyalty and other studies also say there is a significant influence between customer satisfaction and customer loyalty conducted by (Wasiman, 2021)(HS, 2022)(M. Nasib, 2021). Medan Coffee shop is one type of coffee shop that is in great demand by the people in medan, because there are so many types of coffee shops that are in great demand by the people in medan.

Effect of product quality on customer loyalty with customer satisfaction as an Intervening variable

From this study it was found that the real effect is direct it is shown by the value of the original sample in the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating product quality to customer loyalty. The results of this study are in line with the results of previous studies which state that satisfaction has a significant role in mediating product quality on customer loyalty (Haanurat, 2019)(Khatab et al., 2019)(Prentice, 2021).

Effect Of Service On Customer Loyalty With Customer Satisfaction As An Intervening Variable

From this study it was found that the real effect is direct it is shown by the value of the original sample on the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating service to customer loyalty. the essence of the study is can not be generalized to the entire object, but only describe the sample studied. The results of this study support the results of previous studies which state that satisfaction has a significant role in mediating service quality on customer loyalty (Tham, 2019)(Wahyuni, 2020)(Sadq, 2021).

IV. CONCLUSION

Based on the results of research and discussion about the Effect Of Product Quality And Service On Customer Loyalty With Customer Satisfaction As An Intervening Variable (Study On Coffee Shop In Medan) can be concluded as follows :

1. From this study it was found that the influence of product quality on customer loyalty is a positive effect and not significant. With a value of 0.163 and P – Values $0.000 < 0.05$. The findings mean that the increasing product quality, customer loyalty will also increase. A significant value indicates that the quality of the product affects customer loyalty

2. From this study it was found that the influence of product quality on customer satisfaction is a positive effect and not significant. With a value of $0.000 < 0.05$. The findings mean that the increasing product quality, customer satisfaction will also increase. A significant value indicates that the quality of the product means that it affects customer satisfaction.

3. From this study it was found that the effect of service on customer loyalty is a positive and significant effect. With a path coefficient value of $0.000 < 0.05$. So that the effect of service on customer loyalty is unidirectional, if niali service increases then customer loyalty increases.

4. From this research found that the influence of customer satisfaction on customer loyalty is a positive and significant effect. With a path coefficient value of $0.000 < 0.05$. Thus, this finding means that the higher the level of service quality, the higher the level of customer satisfaction.

5. From this research found that the influence of customer satisfaction on customer loyalty is a positive and significant effect. With a path coefficient value of $0.000 < 0.05$. That way this finding gives the meaning that the higher the level of customer satisfaction, the higher the level of customer loyalty

6. From this study it was found that the real effect is direct it is shown by the value of the original sample on the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating product quality to customer loyalty.

7. From this study it was found that the real effect is direct it is shown by the value of the original sample on the indirect effect of $0.000 < 0.05$, meaning that customer satisfaction plays a role in mediating service to customer loyalty.

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