

## Effect Of Service Quality On Consumer Satisfaction Moderated By Government Policy During The Covid 19 Pandemic

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### Abstract

*The purpose of this study was to determine and analyze the effect of Service Quality on consumer satisfaction moderated by government policies during the covid 19 pandemic. The method used in this study is to use the explanatory approach. The population in this study were students in the city of Medan. The number of samples used in this study amounted to 140 people. Data collection techniques used in this study using a questionnaire technique/questionnaire. Data analysis techniques in this study using descriptive statistical analysis and data analysis with partial least square (PLS). Data processing in this study using Smart PLS 3 Software program. The results of this study showed that Tangibels has a positive and insignificant influence on consumer satisfaction, Assurance has a positive and significant influence on consumer satisfaction, Responsiveness has a positive and significant influence on consumer satisfaction, Empathy has a positive and significant influence on consumer satisfaction, Reability has a positive and significant influence on consumer satisfaction, Tangibels has a positive and insignificant influence on, Assurance has positive and insignificant influence on consumer satisfaction moderated by government policy, Responsiveness has positive and insignificant influence on consumer satisfaction moderated by government policy, Empathy has positive and insignificant influence on consumer satisfaction moderated by government policy, Reability has positive and insignificant influence on consumer satisfaction moderated by government policy.*

**Keywords:** *Quality of Service, Customer Satisfaction and Government Policies.*

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### I. INTRODUCTION

The increasing establishment of restaurants such as cafes and restaurants in various places reflects the results of market demand that has increased (Chen, 2020). At this time cafes and restaurants have become an integral part of human life, consequently the existence of cafes and restaurants has become a necessity. This is often associated with higher mobility and dense work activities and resulting in more and more people spend time outside the home which resulted in people looking for something practical to meet their daily needs (Zhang, 2020). In the city of Medan, we find many cafes that are mushrooming on the side of the road, especially in the Dr. Mansyur, Halat, Ring road, Setia Budi, Padang Bulan, Gajah Mada, Pattimura, S. Parman, and many more. By looking at this condition, culinary business people are trying to attract consumers, starting by creating a comfortable atmosphere, varied food and drinks according to the tastes and needs of consumers and supported by the best quality, friendly service to entertainment provided to fulfill satisfaction and satisfaction. consumer trust. There are several phenomena that occur to coffee shop customers in Medan City. Researchers distribute online questionnaires to Medan city youth who like to hang out at coffee shops, one of the phenomena is that Medan city youth have their own favorite Coffee Shop. They tend to choose a coffee shop that has made them comfortable. In terms of business, this is certainly something that is highly desired by culinary business people, a business is called successful if it succeeds in getting, retaining and growing customers. According to Kotler & Keller (Kukuh Familiar, 2015) Loyalty is the only value that the company creates by building the value that comes from the customer which is all the company's current and future values. In addition to this, another reason that makes the food and beverage service business more popular, according to (Li, 2009) is that the market potential in this category is very large and will always develop, food serving equipment, systems, controls, etc. as well as other physical assistance that has developed will make the restaurant business easier and smoother as well as growing, with increased travel, mobility, and various things that lead to certain circumstances that increase the reason for eating out, resulting in the growth of the food service business being even greater and Food prices that become higher are a good opportunity to earn a lot of money.

Besides being a place to meet the main needs of eating and drinking, restaurants and cafes are also used as a place to hold meetings, family gatherings, birthday events, group assignments for students and many other activities. They use restaurants and cafes as a place to gather, socialize, exchange ideas, and also

expand networks. According to Adewale, entrepreneurial intention is a deliberate behavior that is felt among students to create new businesses after completing their studies (Radiman et al., 2021). According to (I. L. Nasib, 2021) business people must prepare strategies in order to please and build consumer enthusiasm into an experience in consuming products and services that will impress them. Business people must be sensitive to this so that they can conclude and be able to provide powerful and up-to-date strategies to advance their business in the field of food service. Create a management strategy that is different from other cafes that can improve the quality and quality of the company to be able to provide more satisfaction and classy satisfaction so that it can provide benefits for business people and welfare for employees. Therefore, business people need a new thought and paradigm to shift a traditional thought in the food service business, especially restaurants and cafes, which previously only provided a menu of dishes (food and drinks) to a modern concept that offers an impressive and memorable experience. Unforgettable. The creation of a comfortable atmosphere and supported by a unique interior design and the availability of various other additional facilities such as live music, wi-fi, games and the like is a special attraction for customers which will ultimately influence their decision to stop by and come to buy. To win the increasingly competitive competition, business actors are required to create competitive advantages over their products and services in an effort to satisfy customers. The results of the study (Prasastono & Pradapa, 2012) show that there is a positive and significant influence between product quality and service quality on consumer satisfaction. According to (Kotler & Amstrong, 2012) that the company's ability to understand customer needs by providing quality products and services is a useful way to increase the number of customers for the company.

However, with the covid-19 pandemic that is still spreading at this time, the cafe's operational activities have limitations. The World Health Organization (WHO) has designated Coronavirus Disease 2019 or COVID-19 as a pandemic threat. The definition of a pandemic according to the Big Indonesian Dictionary (KBBI) is an epidemic that spreads simultaneously everywhere or covers a wide geography. This case began in Wuhan, China and began to spread to almost all over the world. The spread of COVID-19 is very fast and no one can predict when the COVID-19 pandemic will end (Ristyawati, 2020). The case of Covid-19, which is a global pandemic, clearly raises concerns from various groups, especially the public. People's concerns are increasingly felt by seeing a fairly rapid spike in cases, and seeing the lack of readiness of several elements that are vital enough to "fight" the corona virus. Seeing the high level of distribution that is so sufficient, it requires the government to immediately take strategic steps. By establishing anticipatory policies to overcome the impact of COVID-19 (Ristyawati, 2020). The policy regarding Large-Scale Social Restrictions (PSBB) in Indonesia was first implemented on April 10, 2020 in Jakarta, then followed by several other regions in Indonesia. There are several regulations related to the implementation of the PSBB. Among others are Government Regulation (PP) Number 21 of 2020 concerning Large-Scale Social Restrictions in the Context of Accelerating Handling of Corona Virus Disease 2019 (COVID-19), Minister of Health Regulation (Permenkes) Number 9 of 2020 concerning Guidelines for Large-Scale Social Restrictions in Order to Accelerate Handling Corona Virus Disease 2019 (COVID-19), as well as Government Regulation in Lieu of Law (Perpu) Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease Pandemic and/or in Facing Dangerous Threats National Economy and/or Financial System Stability (Ristyawati, 2020).

In reality, the implementation of PSBB in each region in Indonesia is certainly different and this can be viewed from several sides. In terms of the mechanism for the application of PSBB, it is stated in Government Regulation Number 21 of 2020 in Article 2, namely: (1) With the approval of the minister who carries out government affairs in the health sector, Regional Governments can carry out Large-Scale Social Restrictions or restrictions on the movement of people and goods for a particular province or district/city. (2) Large-Scale Social Restrictions as referred to in paragraph (1) must be based on epidemiological considerations, magnitude of threat, effectiveness, resource support, operational technical, political, economic, social, cultural, defense and security considerations. From the government's explanation regarding covid-19 above, the author distributed questionnaires to closest friends to find out why they visited a cafe or hangout during this pandemic. Based on the survey results, it can be seen that as many as 24.4% of consumers answered neutral and 46.7% answered agree. This indicates that the facility is an important thing

that must be considered that every consumer will see a coffee shop in the facilities provided. For the survey results from statements about the interior of the coffee shop, it can be seen that as many as 26.9% of consumers answered neutral and 51.1% answered agree. This indicates that the interior is an important thing that must be considered that every consumer will see from the interior design and shape of the coffee. For the survey results from statements about cleanliness in cafes, it can be seen that as many as 13.3% of consumers answered neutrally and 51.1% answered agree. This indicates that cleanliness is an important thing that must be considered that every consumer will see a cafe on the cleanliness of the environment around the cafe which will make consumers feel comfortable. For the survey results from statements about the facilities at the coffee shop, it can be seen that as many as 28.9% of consumers answered neutral and 42.2% answered agree. This indicates that the safety of consumers' personal vehicles is an important thing that must be considered. For the survey results from statements about facilities at cafes, it can be seen that as many as 20% of consumers answered neutrally and 48.9% answered agree. This indicates that consumers agree with the statement that since the COVID-19 pandemic, the coffee shop's operating hours have closed earlier than usual. From the description of the above background, it can be seen also that sales activities in the coffee shop has decreased significantly, reaching 30% than usual. This is caused by the covid 19 pandemic which inhibits community activities to carry out activities or activities outside the home.

## 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 14 days amounted to 10 respondents, the sample of this study amounted to 140 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

### **The Effect Of Service Quality On Customer Satisfaction During The Covid 19 Pandemic**

Tangibels affects consumer satisfaction during the covid 19 pandemic, this is indicated by a direct effect value of 0.046, with a significant value of  $0.609 > 0.05$ . The results showed that Tangibels had a positive and insignificant effect on consumer satisfaction during the covid 19 pandemic. In the era of the covid 19 pandemic, it turns out that consumers feel dissatisfied even though business owners improve services (friendly, responsive and others). With the rules of physical distance and a more open atmosphere (non ac) in order to avoid viruses, making comfort and Privacy become less, thus making consumers less satisfied. Assurance affects consumer satisfaction during the covid 19 pandemic, this is indicated by a direct effect value of 0.287, with a significant value of  $0.000 < 0.05$ . From the results of this study shows that Assurance has a positive and significant effect on consumer satisfaction during the covid 19 pandemic. In the era of the covid 19 pandemic, it turns out that consumers feel satisfied even though business owners improve services (friendly, responsive and others). With the implementation of health protocols provided by the coffee shop so that consumers feel safe. For example, such as mandatory mask area, checking body temperature, maintaining distance, providing handsaintizer or disinfectant tool, so as to make consumers feel satisfied.

Responsiveness affects consumer satisfaction during the covid 19 pandemic, this is indicated by a direct effect value of 0.183, with a significant value of  $0.049 < 0.05$ . The results showed that Responsiveness had a positive and significant effect on consumer satisfaction during the covid 19 pandemic. In the era of the covid 19 pandemic, it turns out that consumers feel satisfied even though business owners improve services (friendly, responsive and others). By not letting customers wait too long when ordering the menu and not letting stand too long, so that consumers feel satisfied. Empathy affects consumer satisfaction during the

covid 19 pandemic, this is indicated by a direct effect value of 0.277, with a significant value of  $0.001 < 0.05$ . The results showed that Empathy had a positive and significant effect on consumer satisfaction during the covid 19 pandemic. In the era of the covid 19 pandemic, it turns out that consumers feel satisfied even though business owners improve services (friendly, responsive and others). By giving time when customers need something, business owners have free time to help customers, so that consumers feel satisfied. Reability affects consumer satisfaction during the covid 19 pandemic, this is indicated by a direct effect value of 0.163, with a significant value of  $0.033 < 0.05$ . From the results of this study shows that Reability has a positive and significant effect on consumer satisfaction during the covid 19 pandemic. In the era of the covid 19 pandemic, it turns out that consumers feel satisfied even though business owners improve services (friendly, responsive and others). With the business owner is able to keep the taste of the menu served is always the same every time customers visit, so that consumers feel satisfied. This indicates that if the quality of service provided by a coffee shop during the covid 19 pandemic is good, it can increase consumer satisfaction. Quality is a dynamic condition associated with products, services, people, processes, and environments that meet or exceed expectations.

According to Edvarson, quality is how to find out what creates value for consumers and companies must provide that value. Therefore, the quality of service should receive serious attention from the management of the service organization. To determine the quality of service to be achieved by a service organization, the organization must first have a clear goal. According to (Nasib, 2017) that quality is a dynamic condition related to products, services, people, processes and the environment that meets or exceeds expectations. 12 definitions of quality of service may vary, but specifically include determining whether the perceived service meets customer expectations. Customers judge the quality of service based on their perception of the technical results provided which is the process by which the results are delivered. This theory is supported by the results of research conducted by (Jufrizen, 2018)(E. H. S. S. C. Nasib, 2019)(Herwan Nafil, 2019)(Martin, 2021) showed that service quality affects satisfaction. Furthermore, the results of the study (Apriyani, 2017) prove the influence together, namely the variables of physical evidence (X1), reliability (X2), responsiveness (X3), assurance (X4), and empathy (X5) on consumer satisfaction at The Little a coffee Shop Sidoarjo (Y). This is indicated by a significance of 0.000 ( $p < 0.05$ ). The relation of service quality, customer satisfaction in this study is based on the thought of (Yi, 2018) along with the thought of (Esa, 2020) which states that the quality of Service has a positive effect on customer satisfaction. Service quality has a positive effect on the image (image) of the company. Customer satisfaction has a positive effect on the image (image) of the company.

### **The Effect Of Service Quality On Consumer Satisfaction Is Moderated By Government Policies During The Covid 19 Pandemic**

Tangibels influence on consumer satisfaction moderated government policies during the covid 19 pandemic, this is indicated by a direct effect value of 0.053, with a significant value of  $0.377 > 0.05$ . The results showed that Tangibels had a positive and insignificant effect on consumer satisfaction, moderated government policies during the covid 19 pandemic. The results of this study means, that the better the quality of Service is not necessarily able to increase customer satisfaction significantly. The results of this study have not been able to prove the phenomenon of research in the city that good service quality will increase consumer satisfaction. Both directly and indirectly, because government policies provided by the government have not had a good impact in increasing consumer satisfaction desired by business owners. For example, with the rules of physical distance and a more open atmosphere (non ac) in order to avoid viruses, making comfort and Privacy become less, thus making consumers less satisfied. Assurance affects consumer satisfaction moderated government policies during the covid 19 pandemic, this is indicated by a direct effect value of 0.021, with a significant value of  $0.701 > 0.05$ . The results showed that Assurance had a positive and insignificant effect on consumer satisfaction moderated government policies during the covid 19 pandemic. The results of this study means, that the better the quality of Service is not necessarily able to increase customer satisfaction significantly. So the results of this study have not been able to prove the phenomenon of research that states that good service quality will increase consumer satisfaction.



Both directly and indirectly, because government policies provided by the government have not had a good impact in increasing consumer satisfaction desired by business owners. For example, such as mandatory mask areas, checking body temperature, maintaining distance and providing handsaintizer or disinfectant tools, so as to make consumers uncomfortable or unfamiliar in following these health protocols. Responsiveness affects consumer satisfaction moderated by government policies during the covid 19 pandemic, this is indicated by a direct effect value of 0.018, with a significant value of  $0.745 > 0.05$ . The results showed that Responsiveness had a positive and insignificant effect on consumer satisfaction moderated government policies during the covid 19 pandemic. The results of this study means, that the better the quality of Service is not necessarily able to increase customer satisfaction significantly. So the results of this study have not been able to prove the phenomenon of research that states that good service quality will increase consumer satisfaction. Both directly and indirectly, because government policies provided by the government have not had a good impact in increasing consumer satisfaction desired by business owners. For example, consumers feel uncomfortable with the application of spaced seats, so it can interfere with their communication process. Empathy affects consumer satisfaction moderated by government policies during the covid 19 pandemic, this is indicated by a direct effect value of 0.029, with a significant value of  $0.532 > 0.05$ . The results showed that Empathy had a positive and insignificant effect on consumer satisfaction moderated government policies during the covid 19 pandemic.

The results of this study means, that the better the quality of Service is not necessarily able to increase customer satisfaction significantly. So the results of this study have not been able to prove the phenomenon of research that states that good service quality will increase consumer satisfaction. Both directly and indirectly, because government policies provided by the government have not had a good impact in increasing consumer satisfaction desired by business owners. For example, the limited number of workers in coffee shops causes consumers to feel dissatisfied, because they have to wait too long to ask for a menu or when they need something. Reability affects consumer satisfaction moderated by government policies during the covid 19 pandemic, this is indicated by a direct effect value of 0.030, with a significant value of  $0.769 > 0.05$ . From the results of this study shows that Reability has a positive and insignificant effect on consumer satisfaction moderated government policies during the covid 19 pandemic. The results of this study means, that the better the quality of Service is not necessarily able to increase customer satisfaction significantly. So the results of this study have not been able to prove the phenomenon of research that states that good service quality will increase consumer satisfaction. Both directly and indirectly, because government policies provided by the government have not had a good impact in increasing consumer satisfaction desired by business owners. For example, customers feel dissatisfied because business owners reduce some menus due to the effects of the covid 19 pandemic, so customers have to order menus they don't want. This indicates that if there is a good government policy and can be accepted by coffee shop owners during the covid 19 pandemic, it will improve the quality of service so that the better the quality of service that can increase consumer satisfaction.

Quality of Service is a condition of survival of the company, the high quality provided will reflect on the aspect of customer satisfaction. According to (Alma Buchari, 2013) the important thing the company in running its business is the application of quality of service so as to achieve customer satisfaction which ultimately increases consumer loyalty and not persuaded to move another company. This is confirmed from Lupiyoadi and Hamdani (2006: 192) which states that quality has a close relationship with customer satisfaction. One of the factors that determine customer satisfaction is the customer's perception of service quality which consists of five dimensions, namely physical evidence, reliability, responsiveness, assurance, empathy (Rangkuti, 2002:41). Policy is a set of actions / activities proposed by a person, group or government in a given environment where there are obstacles (difficulties) and possibilities (opportunities) in which the policy is proposed to be useful in overcoming them to achieve the intended goal. (Agustino, 2012) the definition of policy given by Agustino is related to the completion of several purposes and objectives that although the purpose or objectives of government activities are not always easy to see, but the idea that policy involves purposeful behavior, is an important part of the definition of policy. While the government according to (Khair et al., 2016) are the people who make public policies that include the state budget, taxes,

and interest rates. Easton in (Abidin, 2012) mentions government policy as the power of allocating values to society as a whole. This contains connotations about the authority of the government that covers the entire life of society. According to (Basuki & Patriot, 2017), responses to government regulations regarding the corporate social environment, example: WFH (Work from Home). Response to government regulations regarding the disclosure of social information. Example: PSBB (large-scale social restrictions). Support for government programs. Example: Social Distancing. Compliance with government regulations.

#### IV. CONCLUSION:

Based on the results of research and discussion on the effect of Service Quality on consumer satisfaction moderated by government policies during the covid 19 pandemic, it can be concluded as follows:

1. Tangibels has a positive and insignificant influence on consumer satisfaction during the covid 19 pandemic.
2. Assurance has a positive and significant influence on consumer satisfaction during the covid 19 pandemic.
3. Responsiveness has a positive and significant influence on consumer satisfaction during the covid 19 pandemic.
4. Empathy has a positive and significant influence on consumer satisfaction during the covid 19 pandemic.
5. Reability has a positive and significant influence on consumer satisfaction during the covid 19 pandemic.
6. Tangibels has a positive and insignificant influence on consumer satisfaction moderated by government policies during the covid 19 pandemic.
7. Assurance has a positive and insignificant influence on consumer satisfaction moderated by government policies during the covid 19 pandemic.
8. Responsiveness has a positive and insignificant influence on consumer satisfaction moderated by government policies during the covid 19 pandemic.
9. Empathy has a positive and insignificant influence on consumer satisfaction moderated by government policies during the covid 19 pandemic.
10. Reability has a positive and insignificant influence on consumer satisfaction moderated by government policies during the covid 19 pandemic.

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