

EFFECT OF SERVICE QUALITY AND PRODUCT QUALITY ON CUSTOMER SATISFACTION AND LOYALTY

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Abstract: The rapid growth of food business in Indonesia also leads to increased competition. Restaurants should have the advantage of being able to compete in order to survive and win the competition in this food business. One way that can be used to achieve such excellence is to implement the right quality of service and product quality so as to improve customer satisfaction and create consumer loyalty. This research aims to analyse the impact of service quality and product quality on customer satisfaction and the customer loyalty in restaurants and to know which factors are influential in the restaurant. In the data collection, researchers spread the questionnaire to 50 respondents who were consumers of the restaurants in Samarinda. This research Data is obtained from the results of the distribution of questionnaires through a questionnaire that is further analyzed by using path analysis, bootstrapping and pls algoritma. The equation Model is processed using the SmartPLS application version 3. The result of this research is that the quality of service has no significant effect on customer satisfaction, product quality has significant effect on customer satisfaction, and customer satisfaction has significant effect on consumer loyalty.

Keywords: *Quality of service, product quality, customer satisfaction, consumer loyalty*

1. Introduction

Home eating is a term common to refer to a business that serves the dish to the community and provide a place to enjoy a meal it and set a tariff specific to the food and the service. Although generally home eat serving food in place, but there are also home meal that provides the service take-out dining and delivery service to serve its customers. Home meal usually has a specialization in the types of food that set it, for example house eating chinese food, home meal Padang, home eat fast-food (*fast food restaurants*).

Samarinda is one of the major cities in Indonesia with a population of 3,575,449. The businessmen and entrepreneurs see the potential business that exist in the Samarinda, namely the opening of food business. That can be seen from the number of home dining and restaurants in the area Samarinda grown very significantly. Increase of restaurant that is getting a lot of causes increasing choice for customer. Para consumers who chose the restaurant as a place eat not only pay attention to the quality of the food it but also the quality of service that is appropriate. By because it was the manager must provide quality service and quality products are appropriate in order to be able to compete with the restaurant another and captured a lot of consumers.

Some of the factors that can impact on the satisfaction of consumers is the quality of service and quality products. Service quality is an effort to meet the needs and desires of consumers and the accuracy of their delivery in balancing consumer expectations (Tjiptono, 2014). Services are well able to determine the satisfaction of consumers is the quality of services,

namely: proof of physical (*tangibles*), reliability (*reliability*), power responsiveness (*responsiveness*), assurance (*assurance*), and empathy (*empathy*).

Another factor that can affect consumer satisfaction with a restaurant is product quality. According to Kotler & Keller (2009) states that product quality is closely related to the product's ability to carry out its functions, including overall product, reliability, accuracy, ease of operation and repair, and other valuable attributes. So product quality is a set of characteristics and characteristics of goods and services which has the ability to meet the needs, is a combined understanding of the reliability, accuracy, convenience, maintenance and other attributes of a product.

If consumers feel satisfied on a product that is in the purchase, will generate loyalty buyer so make buyers do purchase again in the future will come. Loyalty as a condition where the customer has the attitude positive towards a brand, has a commitment to the brand it, and intends to continue purchasing in the future. One of the ways to increase the loyalty of customers is to provide services which is good, which is expected to make the customer to re- do the transaction.

By seeing the phenomenon of opportunities business restaurants are still very large and increasingly tight competition in the business restaurants, the author researched on the effect of quality of service and quality products to the satisfaction of customers and loyalty of customers at the restaurant. The purpose of the study this is to determine the effect of the quality of service to the satisfaction of the customer, to know the influence of the quality of products to the satisfaction of the customer, as well as determine the effect of satisfaction of customers to the loyalty of consumers.

2. Literature Review

Quality of Service

According to Kotler (2009) definition of service is any action or activity that can be offered by one party to the other, which basically is not tangible and does not result in the ownership of anything. Its production can be related or not linked to one physical product. Services is the behavior of producers in order to meet the needs and desires of consumers in order to achieve the satisfaction of the consumer 's own. Kotler also said that the behavior that may occur at the time, before and after the transaction. In general, services are standard height will result in satisfaction were high and buying back the more frequent. Said quality contains many definitions and meanings, those who differ will interpret it differently but of some definitions that can we meet have some similarities though only way of delivery alone is usually contained in the elements as follows:

1. Quality includes efforts to meet or exceed customer expectations.
2. Quality includes products, services, people, processes and the environment
3. Quality is a condition that is always changing.

From the definitions of the quality of service that can be drawn the conclusion that the quality of service is any form of activity that is carried out by the company in order to meet the expectations customer. Service in case this is defined as a service or a service that is delivered by the owner of the services that form the ease , speed , relationships , ability and hospitality are addressed through the attitude and nature in giving service to the satisfaction of the consumer .

Quality of service (*service quality*) can be known by way of comparing the perception of the consumer on the service that is manifestly in received or acquired by the ministry are actually in expected or wanted to attributes of the service of a company. The relationship between

producers and consumers to reach far beyond from the time of purchase to service after the sale, the eternal everlasting exceed future ownership of the product. The Company considers the consumer as king must be served with good, remembering of consumers that will give advantage to the company in order to be able to continue to live.

Satisfaction consumers are influenced by the quality of service that is given by a corporation . There are five dimensions of service quality, namely *tangible*, *reliability*, *responsiveness*, *assurance*, and *empathy*

a. Tangibles / Direct evidence

Tangibles include the appearance of physical facilities such as buildings and room layout, the availability of parking spaces, cleanliness, neatness and comfort of the room, the completeness of communication equipment, and the appearance of employees.

b. Reliability / Reliability

Reliability is the ability to provide services in accordance with what was promised. Services are promised as provide information as appropriate, help to resolve the problem, and provide services are reliable.

c. Responsiveness / Responsiveness

Responsiveness is the willingness of employees to help consumers and provide services that are fast and responsive, which includes readiness in serving customers, speed of handling transactions, and handling consumer complaints.

d. Assurance / Guarantee

Assurance, covering knowledge of the employees of the product is right, the quality of hospitality, attention and courtesy in giving care, skill in giving information, the ability to provide security, and the ability to instill the confidence of consumers to the company.

e. Emphaty / Empathy

Emphaty that attention be individually given company to the consumer such as the ease of contacting the company, the ability of employees to communicate with the consumer, and business enterprise to understand the wishes and needs of consumers.

Product Quality

The products are all things that can be offered manufacturers to note, asked, sought, bought, used or consumed by the market as the fulfillment of the needs or desires markets concerned. Products are offered that include items of physical (bike motorcycle, TV, books), services (restaurants, lodging, transportation), organizations (Scouts, UN), and ideas (Family Planning).

According to Kotler (2009) the definition of a product is: " *A product is anything that can be offered to a market to satisfy a want or need*". That is, the product is all something that is offered to the market to satisfy a desire or need. Meanwhile, according to W.J.Stanton were cited by Paul Lilik Kristianto (2011: 98) states the product is a trait that is complex , both can be touched and not be touched , including wrappers , color , price , prestige company and pengecer. Based on definitions in the above can be concluded that the product is all something that created the company in order to be able to offer to get attention in satisfying the wishes and needs of consumers.

Kotler and Armstrong (2004: 283) state product quality as " *the ability of a product to perform its functions. Its includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes*. This means that product quality is closely related to the product's ability to carry out its functions, including the overall product, reliability, accuracy, ease of operation and repair, and other valuable attributes. So product quality is a set of characteristics and characteristics of goods and services that have the ability to meet needs,

which is a combined understanding of the reliability, density, convenience, maintenance and other attributes of a product. Products are offered every agency effort will be different and certainly has the characteristics that distinguish the product was the product of competitors although the type of products together so that products that have a uniqueness, privilege, advantage in grabbing market targeted.

In relation to the product, Tjiptono, et al. (2008: 68) there are eight dimensions of product quality, namely:

1. Performance (*performance*). Basic characteristics of a product. For example, the cleanliness of the food in the restaurant, the sharpness of the image and the color of a television, the speed of delivery of package courier express to service delivery.
2. Features (*features*). Special complementary characteristics that can add to the product usage experience. For example free drinks during airplane flights, car air conditioning and various additional collection of dial tones on mobile phones.
3. Reliability, namely the probability of failure or damage to the product within a certain time period. The more small possibility of happening damage then the more reliable products are concerned.
4. The conformation (*conformance*), namely the level of conformity of products with the standards that have been set. For example the timeliness of departure, the suitability of the size of the ball with the applicable standards.
5. Power -resistant (*Durability*), namely the amount of use of the product before the product in question should be replaced. Increasingly large frequency of use of normal is possible, even great too power -resistant products.
6. *Serviceability*, namely speed and ease of repair, as well as the competence and friendliness of staff services.
7. Aesthetics, namely regarding the appearance of products that can be assessed with the five senses (taste, aroma, sound, and look)
8. Perceptions of the quality, is the quality of which is rated based on the reputation of the seller.

Consumer Satisfaction

After consumers buy a product and service, consumers will evaluate whether the product and service is in accordance with what is expected by consumers or not in accordance with what is expected by consumers. When products and services are in accordance with what is expected, then the consumer will feel satisfied. Conversely, if the product and services that are not in accordance with what is expected, then the consumer will feel less or not satisfied. It is demonstrated that the satisfaction of consumers associated closely with the results of the evaluation after consumers do purchase. According to Lovelock and Wirtz (2007), "*consumers do follow observations on the performance of products and services , and compare it with the standard or the expectations of consumers , and subsequently formed a verdict of satisfaction that is based on a comparison of the "* . When purchases are made consumers resulted in the fulfillment of above needs and expectations, it will create the satisfaction of the consumer. The opinions are similar to that disclosed by Kotler and Keller (2009), that the satisfaction of the consumer is the "*level of feeling someone that arise after comparing the performance of the products are received with expectations "* . If the performance of which received much lower than that expected, then the consumer will feel not satisfied. Conversely, if the performance of which is received in accordance with what is expected, then the consumer will feel satisfied. Consumers will feel very satisfied if the performance were received exceeded expectations.

Expectations are formed by the experience of a purchase, the experience friends, experience the market, and what that can be supplied by competitors.

Based on the definitions in the above can be concluded that the satisfaction of consumers is a feeling or ratings emotional of consumers against the use of products and services where the expectations and needs of consumers are met.

Consumer Loyalty

Measurement of the satisfaction or dissatisfaction of customers of a product is an indicator of the importance of loyalty products such. Loyalty can be interpreted as loyalty, that is, one's loyalty to an object.

Loyalty of consumers is very important for a company either services or products (goods) to increase profits for a company, because if consumers are not loyal to the products of a company, then certainly they would be turned into products other, to maintain the loyalty of consumers there is one of the ways to improve loyalty of customers is to provide services which is good, which is expected to make the customer to re- do the transaction.

Customers (*customer*) differ with consumers (*consumer*), one can be said as a customer if people are started to accustom themselves to buy a product or service that is offered by the business agency. Habits that can be built through the purchase repeated in the period of time specified, if the term when certain not do purchase the then people are not able to say as a customer but as the purchaser or consumer.

According to Griffin in Yovita (2008) states the characteristics of loyal customers are as follows:

1. Make a purchase over and over in order.
2. Buying between product lines and services.
3. Refer to other people.
4. Shows immunity against the pull of competitors.

A customers said loyal or disloyal if customers are showing behaviors of purchase in order or there is a condition which requires the customer to buy the little two times within an interval of time specified. Efforts to provide customer satisfaction are done to influence customer attitudes, while the concept of customer loyalty has more to do with customer behavior than the attitude of customers.

Conceptual Framework

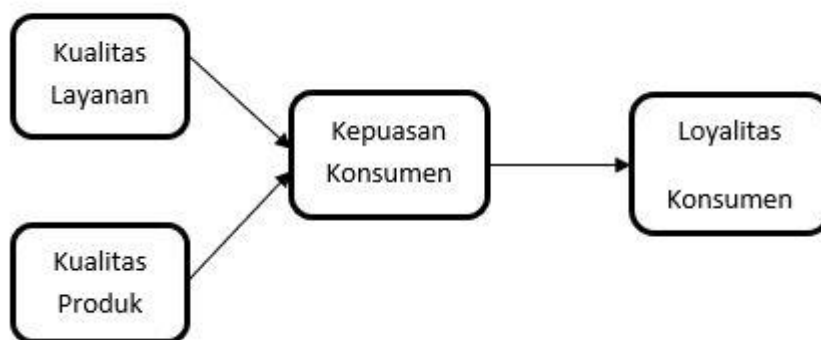


Figure 1. Conceptual Framework

Hypothesis

H1: Quality of service is an effect on the satisfaction of consumers.

H2: The quality of products influence on the satisfaction of consumers.

H3: Satisfaction of consumers influence on the loyalty of consumers.

3. Research Methods

Research this is a study with a design study of causal and use the interview directly by using the tool aids questionnaire to respondents to obtain the data required. The approach that is used in the research is the approach quantitative. Where approach to quantitatively that approach research that emphasizes the breadth of information, so that the method is suitable to use for a population that is spacious with a variable that is limited , so that the data or the results of the research are considered a representation of the entire population .

The population of this study is consumers of restaurants. The number of samples that will be used in research this is as many as 50 people respondents. The process of collection of data is done through interviews directly by using the tool aids questionnaire to respondents to obtain the data required. This interview was conducted with respondents who had made a purchase transaction at a restaurant.

4. Results

Analysis of the effect of X1 on Y1

Coefficient Path

Information	Original sample	Sample mean	Standard deviation	T statistic	P values
quality of service on customer satisfaction	0.219	0.251	0.151	1,448	0.148

Source: data processed by PLS

From the results of the analysis of statistics using PLS, can be concluded that the quality of service to the satisfaction of customers influence positive but not significant that mean that H 1 is rejected by the value of *the T- statistic* of $1,448 < 1.96$ and *P-Value* $0.148 > 0.05$.

Analysis of the effect of X2 on Y1

Coefficient Path

Information	Original sample	Sample mean	Standard deviation	T statistic	P values
product quality on customer satisfaction	0.695	0.687	0.152	4,572	0,000

Source: data processed by PLS

For the relationship between the quality of products to the satisfaction of customers influence positively significant that mean that H2 is received with a value of *T- statistics* for $4572 > 1.96$ and *P-values* of $0.000 > 0.05$.

Analysis of the effect of Y1 on Y2
Coefficient Path

Information	Original sample	Sample mean	Standard deviation	T statistic	P values
Customer satisfaction on consumer loyalty	0.695	0.687	0.152	4,572	0,000

Source: data processed by PLS

For the relationship between the satisfaction of customers to the loyalty of consumers affect positively significant that mean that the H3 is received with a value of *T- statistics* for $4572 > 1.96$ and *P-values* of $0.000 > 0.05$.

5. Conclusion and Suggestion

Conclusion

Based on the results of the research, it can be concluded that the quality of service at the restaurant has not had the effect of which is positive and not significant to the satisfaction of consumers restaurant. It's means that if the quality of service improved the satisfaction of consumers restaurant also will increase though not as significantly.

Based on the results of the research, it can be concluded that the quality of the product in restaurants have the influence that a positive and significant to the satisfaction of consumers restaurant. It's means that if the quality of products improved the satisfaction of consumers restaurant also will increase.

Based on the results of the research, it can be concluded that the satisfaction of consumers in restaurants have the influence that a positive and significant to the loyalty of consumers restaurant. It is meaningful if the satisfaction of consumers increased the loyalty of consumers restaurant also will increase.

Suggestion

Restaurants must still maintain the quality of the product they have because it is proven to meet customer satisfaction. Assessment of the quality of service to the assessment room is the restaurant has a design that interesting. For advice given should be party to replace the design of the room, so the room in can make consumers feel the atmosphere that is comfortable. Suggestions to study further, to research further research should provide indicators questions are clear and more specific in dimension Loyalty Consumers.

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