UDC 332

INFLUENCES OF SERVICE QUALITY ON CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS A MEDIATION VARIABLE IN THE MELTARINA BUILDING STORE

Aghivirwiati Gusti Ayu
Institut Teknologi Dan Bisnis Stikom Bali, Indonesia
*E-mail: aghie_mahesa07@yahoo.com

ABSTRACT

This research is about loyal customers who shop at the Meltarina Building store during the last 3 years in meeting the needs for building materials even though the economic decline has been experienced in the last 3 years. This research uses a sample of 147 respondents and the method of determining the sample used is non-probability sampling with a purpose sampling technique where the technique determines the sample with certain considerations. The data in this analysis uses path analysis. The results of the study indicate that service quality has a positive and significant effect on customer loyalty to Meltarina Building Stores. The advice given is to achieve optimal customer satisfaction and customer loyalty which is to serve customers quickly and be responsive to customer needs, respond to customer complaints, understand customer desires well, provide information that customers need appropriately.

KEY WORDS

Quality of service, customer loyalty, customer satisfaction.

The need for building materials is currently increasing due to the many constructions and renovations being carried out in Bali. Even though global economic development has fluctuated since 2018 and the COVID-19 pandemic that has been going on since the end of 2019 which has slowed down economic development. However, the need for decent housing, the need for renovation, the need for the development of villas, cafes, and the need for boarding houses make the need for building materials still in demand. Meltarina shop is a building material store that tries to answer the community's need for various kinds of materials and tools in building or renovating a place, either on a large or small scale. The need for building materials runs parallel to the development process. Quality of service is one of the important factors in winning the competition in the era of the economy which is quite slow because by generating customer satisfaction it will affect the loyalty of the customer itself.
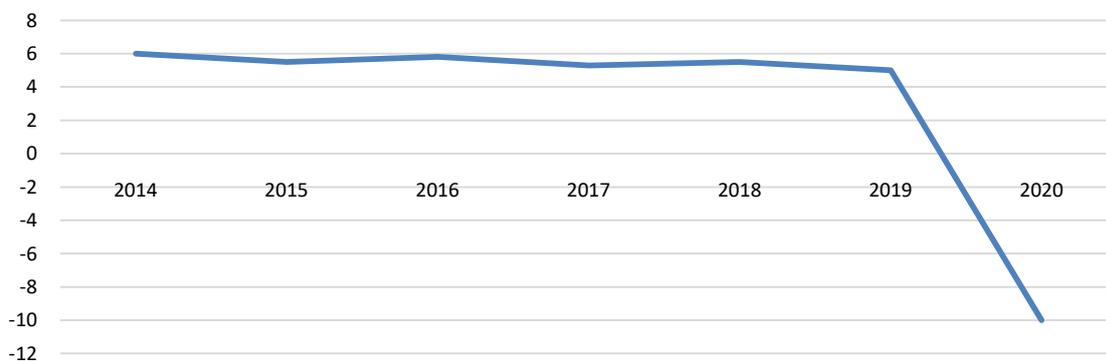

Figure 1 – Bali's economic growth rate (Source: Bali Statistics Center, 2020)

Table 1 shows that economic development in Bali experienced a decline in 2020 due to the covid 19 pandemic, but if you look at the sales data owned by the Meltarina Building Shop where sales remained stable even though there was a but not significant decline in 2020, it can be seen from table 2.
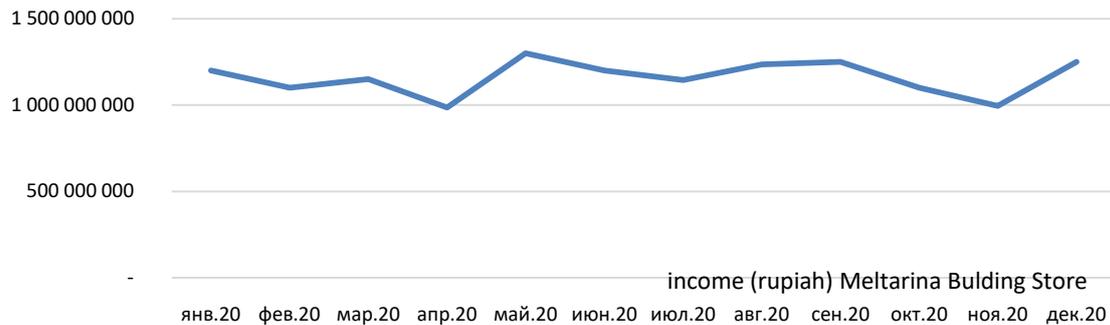
Figure 2 – Meltarina Building Store sales data

According to Toni Wijaya (2011) quality is something that is decided by the customer. That is, quality is based on the actual experience of customers or consumers of products or services as measured by these requirements. If a company or service provides products or services of good quality, it is expected to be able to meet customer expectations and ultimately be able to provide maximum value and create customer satisfaction. In terms of the quality of service received is very good in the eyes of consumers, it is not uncommon for these consumers to be reluctant to move. Service quality also has a close relationship with customer satisfaction, so that it can provide encouragement to customers to establish strong ties with the company or building shop. To know the level of customer satisfaction, it is necessary to first know the quality of service provided by producers to their customers. Customer satisfaction will arise after someone experiences the quality of the experience provided by the service provider (Irnandha, 2016). Research conducted by Sumartana (2016), shows that there is a significant influence between service quality and customer satisfaction, service quality can have a direct influence on customer loyalty and can also have an indirect effect on customer satisfaction. Loyalty is influenced by the quality of services provided by the company to its customers.

Loyalty is influenced by the quality of services provided by the company to its consumers. Research conducted by (Lee, 2013) shows the results that the quality of company services has a positive and significant effect on customer loyalty. Similar studies were conducted by Henriawan (2015), Haryono & Evanita (2015), Prayoga et al. (2014), Aditya & Kusumadewi (2017), Sinaga (2010), Irnandha (2016), Pribadi (2014), and Apriyani & Ekawati (2013) found that service quality had a positive and significant effect on customer loyalty. Therefore, it can be stated that service quality affects customer loyalty. Based on the description above, the hypothesis proposed:

H1: Service quality has a positive and significant effect on loyalty.

Prayoga et al. (2014), Aditya & Kusumadewi (2017), and Irnandha (2016) found that service quality has a positive and significant effect on customer satisfaction. Based on the results of the previous research above, the following hypothesis can be built.

H2: Service quality has a positive and significant effect on customer satisfaction.

Henriawan (2015) in his research shows the results that customer satisfaction has a positive and significant effect on customer loyalty. Customers who get satisfaction will automatically lead to a loyal attitude towards products that give him satisfaction. Raharjo (2013) in his research stated that satisfaction has a positive effect on customer loyalty. Similar research was conducted by Anggarayana & Pramudana (2013), Prayoga et al. (2014), Aditya & Kusumadewi (2017), Sinaga (2010), and Irnandha (2016) also found that customer satisfaction had a positive and significant effect on customer loyalty. Based on the description above, the hypothesis to be proposed is as follows:

H3: Customer satisfaction has a positive and significant effect on customer loyalty.

Research conducted by Andrianto & Widyawati (2014) shows that satisfaction is a variable that can mediate the effect of service quality on consumer loyalty. The same research was also conducted by Singh & Thakur (2012) with the result that customer satisfaction has a very large role in mediating the relationship between service quality and loyalty. The interaction that occurs between product quality and customer satisfaction is

higher, the impact is that customer loyalty will be higher. Thus, the role of satisfaction as a mediating variable can strengthen the effect of product quality on customer loyalty (Karita et al., 2015).

H4: Customer satisfaction has an effect on mediating customer quality on customer loyalty.

METHODS OF RESEARCH

The location chosen was Denpasar City, where Denpasar City was chosen as the location because the Meltarina Building Materials Shop is located in Denpasar City, which is a very strategic city chosen by Meltarina Building Materials Stores. to compete in Bali Province. Where the many needs for building materials in the city of Denpasar and the many competitors make Meltarina Building Materials Shop prioritize service quality in order to keep customers loyal to the company.The population in this study is loyal customers who use Meltarina's Building Materials Store in meeting the need for building materials. During the last 3 years. The sample method used in this research is non-probability sampling with purposive sampling technique, namely the technique of determining the sample with certain considerations. In this research, the analytical technique used is path analysis technique.

RESULTS AND DISCUSSION

This research was conducted to determine the effect of service quality on customer satisfaction and to determine the effect of service quality and customer satisfaction on customer loyalty. The distribution of the questionnaires was carried out at the Meltarina Building Materials Store. Respondent characteristics data is respondent data collected to determine the profile of research respondents. From the results of research conducted on Meltarina Building Shop customers, it can be seen that the characteristics of the respondents include four aspects, namely age, gender, education, and occupation.

Table 1 – Characteristics of Respondents Based on Gender

Sex	Amount (person)	Percentage (%)
Male	96	65
Female	51	35
Total	147	100

Source: Data processed, 2021.

Table 1. Shows the number of female respondents as many as 51 people or 35 percent, and the number of male respondents as many as 96 people or 65 percent. This shows that the customers of the Meltarina Building Materials Store are dominated by male respondents. In general, where there are more men who often make purchases of building materials, which usually consist of the Foreman, the Builder and the owner of the property itself.

Table 2 - Characteristics of Respondents Based on Age

Age	Amount (person)	Percentage (%)
21 - 30 years	72	49
31 - 40 years	51	35
>40 years	24	16
Total	147	100

Source: Data processed, 2021.

Table 2 shows that the respondents who shopped at the Meltarina Building Materials Store came from various ages. The age group that buys the most at the Meltarina Building Materials Store is respondents with a range of ages 21-30 and 31-40 years.

Table 3 – Characteristics of Respondents Based on Last Education

Education	Amount (person)	Percentage (%)
Highschool	22	15
Diploma	6	4
Bachelor degree)	86	59
Postgraduate (S2)	33	22
Amount	147	100

Source: Data processed, 2021.

Table 3 explains that respondents who buy building materials at the Meltarina Building Materials Shop are the most dominant group of respondents who are undergraduate graduates.

Table 4 – Characteristics of Respondents Based on Occupation

Ocupation	Amount (person)	Percentage (%)
Not yet/Not working	4	3
Student	5	3
Private sector employee	67	46
civil servant	40	27
entrepreneur	31	21
Amount	147	100

Source: Data processed, 2021.

Table 4. Explains that consumers who buy building materials at Meltarina's building materials shop are the most dominant private employees, most likely they are employees of property companies or contractors.

Classical assumption test is carried out with the aim of ensuring that the results obtained meet the basic assumptions in the regression analysis. The results of the classical assumption test carried out in this study were normality test, multicollinearity test and heteroscedasticity test. The results of the classical assumption test processed with the help of SPSS 22.0 software for Windows are presented as follows. The normality test aims to determine whether the residuals from the regression model made are normally distributed or not. To test whether the data used are normal or not, it can be done using the Kolmogorov. test Sminarnov. If the Asymp coefficient. Sig. (2-tailed) is greater than 0.05 then the data is said to be normally distributed. Based on Table 5. it can be seen that the value of Kolmogorov Sminarnov (KS) is 0.068, while the value of Asymp. Sig. (2-tailed) of 0.095. These results indicate that the regression equation model is normally distributed because of the Asymp value. Sig. (2-tailed) is greater than the alpha value of 0.05. Based on Table 6. it can be seen that the value of Kolmogorov Sminarnov (KS) is 0.073, while the value of Asymp. Sig. (2-tailed) of 0.051. These results indicate that the regression equation model is normally distributed because of the Asymp value. Sig. (2-tailed) is greater than the alpha value of 0.05.

Table 5 – Structural Normality Test Results 1

	Unstandized Residual
N	147
Kolmogororov-Smirnov Z	0,068
Asymp.Sig.(2-tailed)	0,095

Source: Data processed, 2021.

Table 6 – Structural Normality Test Results 2

	Unstandized Residual
N	147
Kolmogororov-Smirnov Z	0,073
Asymp.Sig.(2-tailed)	0,051

Source: Data processed, 2021.

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. The existence of multicollinearity can be seen from the value of tolerance or variance inflation factor (VIF). If the tolerance value is more than 10% or VIF is less than 10, it means that there is no multicollinearity.

Table 7 – Structural Normality Test Results

Variable	Tolerance	VIF
Service Quality (X)	0,483	2,070
Customer Satisfaction (Y1)	0,483	2,070

Source: Data processed, 2021.

Based on Table 7. it can be seen that the tolerance and VIF values of the service quality and customer satisfaction variables show the tolerance value for each variable is greater than 10% and the VIF value is less than 10, which means the regression equation model is free from multicollinearity. Heteroscedasticity test aims to determine whether in the regression model there is an inequality of variance from the residuals of one observation to another observation and this test is carried out using the Glejser test. If the significance value is above 0.05, it does not contain symptoms of heteroscedasticity.

Table 8 – Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.197	.611		3.595	.000
	Service quality	-.018	.019	-.108	-.911	.364
	Customer satisfaction	-.024	.050	-.057	-.483	.630

Source: Data processed, 2021.

In Table 8, it can be seen that the significance values of the service quality and customer satisfaction variables are 0.364 and 0.630, respectively. This value is greater than 0.05, which means that there is no influence between the independent variables on the absolute residual. Thus, the model made does not contain symptoms of heteroscedasticity.

The calculation of the path coefficient is done by regression analysis through SPSS 22.0 software for Windows, the results are shown in Table 11. below:

Table 9 – Pathway Analysis Results 1

Variabel	Unstandardized Beta	Std.Error	t hitung	Sig.uji t
(Constant)	5.294	0.921		
Service Quality (X)	.280	.022	12.455	.000
R Square	.517			
F Statistics	155.129			
F Test Significance	.000			

Source: Data processed, 2021.

Based on the results of the analysis of substructure path 1 as presented in Table 9, then the structural equation can be made as follows:

$$Y1 = 0.280 \ X + e1 \ldots\ldots\ldots\ldots\ldots(1)$$

The regression coefficient value of the service quality variable is positive with a t-test significance value of less than 0.05. This shows that the service quality variable has a significant positive effect on the customer satisfaction variable. The magnitude of the influence of the independent variable on the dependent variable is indicated by the total determination value (R Square) of 0.517 which means that 51.7% of the variation in customer satisfaction is influenced by variations in service quality, while the remaining 48.3% is explained by other factors not included. into the model.

Table 10 – Pathway Analysis Results 2

Variable	Unstandardized Beta	Std.Error	t hitung	Sig.uji t
(Constant)	3.379	1.035	3.123	.001
Service Quality (X)	.102	.033	6.243	.002
Customer Satisfaction (Y1)	.526	.084	6.243	0.000
R Square	.525			
F Statistics	79.436			
F Test Significance	.000			

Source: Data processed, 2021.

Based on the results of the analysis of substructure path 2 as presented in Table 12, the structural equation can be made as follows:

$$Y2 = 2X + \beta3Y1 + e_2 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(2)$$
$$Y2 = 0.102\ X + 0.526\ Y1 + e2 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(3)$$

The regression coefficient value of each independent variable is positive with a t-test significance value of less than 0.05. This shows that all independent variables have a significant positive effect on the dependent variable. The magnitude of the influence of the independent variable on the dependent variable is indicated by the total determination value (R Square) of 0.525 which means that 52.5% of variations in customer loyalty are influenced by variations in service quality and customer satisfaction, while the remaining 47.5% is explained by other factors. which is not included in the model. Based on the substructure 1 and substructure 2 models, a final path diagram model can be drawn up.
First, the standard error value is calculated as follows:

$$Pei = \sqrt{1 - R2} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots.(4)$$
$$Pe1 = \sqrt{1 - 0.517} = 0,695$$
$$Pe2 = \sqrt{1 - 0.525} = 0,689$$

Based on the calculation of the effect of error (Pei), the result of the effect of error (Pe1) is 0.695 and the effect of error (Pe2) is 0.689. The results of the coefficient of total determination are as follows:

$$R\text{Çm} = 1 - (Pe1)^2\ (Pe2)^2 = 0,790 \dots\dots\dots\dots\dots\dots(5)$$

The total determination value of 0.790 means that 79% of the variation in customer loyalty is influenced by variations in service quality and customer satisfaction, while the remaining 21% is explained by other factors not included in the model.
The test criteria to explain the interpretation of the influence between each variable is if the significance value <0.05 then H0 is rejected and H1 is accepted. On the other hand, if the significance value is > 0.05, then H0 is accepted and H1 is rejected. Based on the results of the analysis of the influence of Service Quality on Customer Satisfaction, a significance value of 0.000 was obtained with a beta coefficient of 0.280. Significance value 0.000 <0.05 indicates that H0 is rejected and H1 is accepted. These results mean that Service Quality has a positive and significant effect on Meltarina Store Customer Satisfaction. That is, the better the quality of service provided, the customer satisfaction of Meltarina Building Materials Store will increase.
Based on the results of the analysis of the influence of Service Quality on Customer Loyalty, a significance value of 0.002 was obtained with a beta coefficient of 0.102. The significance value of 0.002 < 0.05 indicates that H0 is rejected and H2 is accepted. These results mean that Service Quality has a positive and significant impact on Meltarina Store Customer Loyalty. That is, the better the quality of service provided, the customer satisfaction of the Meltarina Store will increase.
Based on the results of the analysis of the influence of Customer Satisfaction on

Customer Loyalty, a significance value of 0.000 was obtained with a beta coefficient of 0.526. Significance value 0.000 <0.05 indicates that H0 is rejected and H3 is accepted. This result means that customer satisfaction has a positive and significant effect on Meltarina Store Customer Loyalty. That is, if a customer is at the desired level of satisfaction, the customer's behavior to be loyal to the company will also increase.

The calculation of the effect between variables is summarized in Table 11. As follows.

Table 11 – Direct and Indirect Effects and the Effect of Total Service Quality (X1),
Customer Satisfaction (Y1), and Customer Loyalty (Y)

Influence of Variables	Direct Effects	Indirect Effects Through Customer Satisfaction (Y1) (1 x 3)	Total Influence
X → M	0.280	-	0.280
X → Y	0.102	0.147	0.249
M → Y	0.526	-	0.526

Source: Data processed, 2021.

Sobel test is an analytical tool to test the significance of the indirect relationship between the independent variable and the dependent variable mediated by the mediator variable. The Sobel test is formulated with the following equation and can be calculated using the Microsoft Excel 2019 application. If the Z calculation value is greater than 1.96 (with a 95 percent confidence level), then the mediator variable is assessed to significantly mediate the relationship between the dependent variable and the independent variable.

$$Z = \frac{a}{\sqrt{b^2 s_a^2 + a^2 s_b^2 + s_a^2 s_b^2}} \ldots\ldots$$
$$Sig = (1\text{-NORMDIST}(Z)) +2))..$$

Table 12 – Sobet Test Results

Z value	Sig
4.3546	0.000

Source: Data processed, 2021.

Based on the results of the Sobel test in Table 12, it shows that the tabulation results Z = 4.3546 > 1.96 with a significance level of 0.000 <0.05, which means that the mediator variable, namely customer satisfaction, is assessed to significantly mediate the relationship between service quality and customer loyalty. The results of the analysis show that service quality has a positive and significant effect on customer satisfaction. This means that the better the quality of service provided by the Meltarina Store, the higher the satisfaction felt by the customer. Vice versa, the worse the quality of service provided by the Meltarina Store, the lower the level of customer satisfaction at the Meltarina Store.

These results indicate that the values contained in the quality of service can be perceived well and have a real impact on customer satisfaction at Meltarina Building Shop. Attractive appearance of employees in the store, fast ordering process, employees are willing to provide information needed by customers, able to explain information well and clearly, and able to communicate well with customers, have the effect of increasing customer satisfaction, so that customers will talk about things positive things about Meltarina's Building Materials Store.

Service quality is measured based on indicators: physical evidence, reliability, responsiveness, assurance and empathy, proven to be able to increase customer satisfaction at Meltarina Building Materials Shop. This finding can be interpreted that if the intensity of service quality at the Meltarina Building Materials Shop is increased, it will be able to provide a significant effect on increasing customer satisfaction.

This study supports the results of previous studies and is consistent with the results of previous studies. The influence of service quality on customer loyalty will be further increased if through customer satisfaction. Meltarina Building Materials Store loyalty is

influenced by service quality factors consisting of physical evidence, reliability, responsiveness, assurance, and empathy through customer satisfaction. Customer perception of service quality will affect customer loyalty if customer satisfaction is met. Based on the results of testing the hypothesis, it was found that the value of Z = 4.3546 > 1.96 with a significance level of 0.000 <0.05, which means that the mediator variable, namely customer satisfaction, is assessed to significantly mediate the relationship between service quality and customer loyalty, which means H4 is accepted. The results of this study are supported by research by Aryani & Rosita (2010), Andrianto & Widyawati (2014), Singh & Thakur (2012), Karita et al. (2015), and Aditya & Kusumadewi (2017) who found the results that customer satisfaction was able to mediate the effect of service quality on customer loyalty. That is, service quality has a positive and significant effect on customer loyalty through customer satisfaction.

The results of the Meltarina Building Materials Store analysis show that service quality and customer satisfaction have a positive and significant impact on customer loyalty, in this case Meltarina Building Materials Store is increasing the service quality and customer satisfaction factors to be improved so that it can produce an increasing level of sales. It is hoped that this research will be carried out. Can contribute to the effect of service quality on customer loyalty with customer satisfaction as a mediating variable. Factors that influence customer loyalty in this study are service quality and customer satisfaction, while there are many other factors that affect customer loyalty such as trust, convenience, and other factors. This research is only conducted in a certain time (cross section), while the environment will change from time to time in this dynamic case, so this research is important to do again

CONCLUSION AND SUGGESTIONS

Service quality has a positive and significant effect on Customer Loyalty at Meltarina's Building Materials Store. In this case, the better the quality of service provided by the Meltarina Building Materials Store, the more customer loyalty increases. The quality of play has a positive and significant effect on customer satisfaction at Meltarina's Building Materials Store. That is, where the better the quality of service provided by the Meltarina Building Materials Store, the greater the sense of customer satisfaction. Customer satisfaction has a positive and significant effect on Customer Loyalty at Building Materials Stores. In this case the more satisfied customers are with the services provided, then customer loyalty will increase at the Meltarina Building Materials Store. customer satisfaction is able to mediate the effect of service quality on customer loyalty at Meltarina Building Materials Stores. This means that the influence of service quality on customer loyalty will be further increased if through customer satisfaction.

Service quality in this case is further improved by serving customers quickly, responding to complaints submitted by customers, understanding customer desires, and being willing to provide information needed by customers. Meltarina Building Materials Store in meeting intense competition and meeting customer expectations, it is better to aspire to an innovation and package the customer needs on offer to make it more attractive, so that already royal customers will be more generous and attract new customers who will be generous to Meltarina Building Materials Stores.

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