

A Study of Service Quality on Customer Satisfaction and its Impact on Customer Loyalty: The Case of Food and Beverage Industry in Bandung

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Abstract

The purpose of this study was to determine the effect of service quality on customer satisfaction and its impact on customer loyalty. The research was conducted in the food and beverage industry sector in the city of Bandung. Participants in this study were customers in the culinary industry in the city of Bandung, with a total of 135 respondents. The data that has been collected was analyzed using path analysis. The results showed that there was an influence between service quality and customer satisfaction. There is an influence between service quality and customer loyalty. Job satisfaction also affects customer loyalty positively and significantly. Job satisfaction is able to mediate the relationship between service quality and customer loyalty. It is recommended that the food and beverage industry in the city of Bandung improve the quality of service, and also increase customer satisfaction.

Keywords

service quality; customer satisfaction; customer loyalty; food and beverage industry



I. Introduction

This research was conducted in the food and beverage industry sector. The food and beverage industry or culinary industry is one of the creative industries that is currently rapidly increasing. The food and beverage industry sector was one of the sectors that was still able to grow positively in the second quarter amid heavy pressure due to the Covid-19 pandemic. The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al.*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020). Based on data from the Central Statistics Agency (BPS), in the second quarter of 2020, the food and beverage industry grew by 0.22% on an annual basis (<https://www.wartaekonomi.co.id>).

Customer loyalty is one of the most important factors for business success. Customers who have high loyalty will come back to buy the products sold. Therefore it is very important to maintain customer loyalty. To maintain the growth of the food and beverage industry, business owner must be able to maintain customer satisfaction. Customer satisfaction plays an important role in business success. Without customer satisfaction, it will make the low customer interest in coming back. One of the efforts that can be done by the business owner to increase customer satisfaction is to improve the quality of service. Customer loyalty can be maintained by keeping customers satisfaction (Mahato & Goet, 2020). Then to maintain customer satisfaction, the quality of service also needs to be considered. According to Kuhn *et al.*, (2018) satisfaction of the customer can be as an antecedent of loyalty. The customer will return as customer if they are satisfied with the services received.

Each customer has a different perspective to enjoy food or dishes, for example by choosing a beautiful restaurant with luxurious service, in the hope that the consumer will feel satisfied after he sacrifices a large amount of money in a good restaurant. In addition, there are also those who prefer to choose an ordinary restaurant but provide satisfaction in the taste of the food they eat. This shows that every company must be able to see what the wishes of consumers are expected to become visitor satisfaction (Molle et al., 2019)

Business owner must understand what factors can affect customer satisfaction, which is an important indicator that determines the success of a business, and one of the factors that influence customer satisfaction is service quality (Herlina & Muliani, 2020). Previous studies have conducted many studies related to customer satisfaction with service quality as an independent variable. Previous research by Rahmah et al., (2021) shows that there was an influence between service quality on customer satisfaction. The same results were also found by Sze Chee & Md Husin, (2020) found that service quality has an influence on increasing customer satisfaction. Service quality, which was measured using the network, customer service, and pricing structure can increase customer satisfaction. According to JMH et al., (2020) customer satisfaction can also aim to grow and maintain customer loyalty. Loyalty can be built by building customer satisfaction. In addition, service quality is also one of the factors that can affect customer loyalty.

II. Review of Literature

2.1 Customer Loyalty

Consumer loyalty can not be achieved with a short time but customer loyalty must be through a learning process and based on the results of the experiences of consumers themselves from consistent purchases over time. If customer obtained in line with expectations, then this buying process will continues to repeat itself. It can be said that there has been consumer loyalty (Prihandoyo, 2017). Behavior after purchasing a product is determined by satisfaction or dissatisfaction with a product as the end of the sales process. How consumers make repurchases, how to express the products they use, and behaviors that describe consumer reactions to products that have been felt (Molle et al., 2019).

Consumer loyalty is very important for a firm, both services and products (goods) to increase profits for a company, because if consumers are not loyal to a company's products, the customer will turn to other products, to maintain consumer loyalty there is one way to increase customer loyalty. customer loyalty, namely by providing good service, which is expected to make customers return to transactions (Putro et al., 2014). Customer loyalty is an important element of the company, the success of the company's profitability is influenced by customers with the highest loyalty (Surahman et al., 2020).

2.2 Customer Satisfaction

Customer Satisfaction is one of internal actions of the firms, which represents their orientations toward meeting customers' requirements for improving quality of the products and service (Akhtari et al., 2015). According to JMH et al., (2020) customer satisfaction is an evaluation of the by consumers perceived comparison between product performance and customer expectations and is able to provide satisfaction to consumers at least equal to or exceed customer expectations. The more satisfied the consumer feels the product / service he receives, the more quality the service is seen by the consumer. Putro et al., (2014) said that if the products and services are as expected, consumers will feel satisfied. Conversely, if the products and services are not as expected, consumers will feel less or

dissatisfied. According to Mahato & Goet,(2020) customer satisfaction is the real difference between service expectation and service real achieved.

2.3 Service Quality

Quality of service is the secret to maintaining reputation by satisfying vales customers for grabbing business opportunities in the markets (Mahato & Goet, 2020). Service quality is an important thing that should be maintained by all persons who being employee in certain company (Surahman et al., 2020). According to Parasuraman et al., (1988) there five dimension of service quality: Tangibles - Physical facilities, equipment and appearance of personnel. Reliability - Ability to perform the promised service dependably and accurately. Responsiveness - Willingness to help customers and provide prompt service. Assurance (including competence, courtesy, credibility and security) - Knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy (including access, communication, understanding the customer) - Caring and individualized attention that the firm provides to its customers.

2.4 Hypotheses Development

One of the strategies that companies in a service industry can undertake to maintain customer satisfac- tion and corporate image is by optimizing the com- pany's service quality (servqual) system (JMH et al., 2020). The results of research conducted by (JMH et al., 2020) show that there is an influence between service quality and customer satisfaction. The results of research conducted by Hidayat et al., (2020) also found a positive and significant influence between service quality and customer satisfaction. Service quality can have an effect on increasing customer loyalty. If the service received by customers is in line with expectations, then this will keep customers loyal and come back to use the company's products or services. Previous research by (Prihandoyo, 2017) showed the influence of service quality on loyalty.

Customer satisfaction is very important to maintain customer loyalty. According to (Hidayat et al., 2020) Customer satisfaction is the standard on how the total products or services offered to meet the customers' expectation. Satisfied customers will have the intention to repurchase on the same restauran. If consumers are satisfied with a product purchased, it will lead to buyer loyalty so that buyers make repeat purchases in the future (Putro et al., 2014).

III. Research Methods

This research is a research with a quantitative method approach. This study examines the effect of service quality and customer satisfaction variables on customer loyalty. The population of this research are customers in the culinary industry in the micro, small and medium business sector in the city of Bandung. Participants in the study amounted to 135 respondents. The data analysis technique was carried out using path analysis using Amos version 23 software.

The research variable consists of 3 variables, namely customer loyalty, customer satisfaction, and service quality. Customer loyalty uses four statements, customer satisfaction uses five statements, and service quality also uses five statements. For more detail can be seen in Table 1.

Table 1. Construct and Measurements

Variable	Indicator	n item
Customer Loyalty (Song et al., 2017).(Putro et al., 2014), (Prihandoyo, 2017)	<ol style="list-style-type: none"> 1. Make repeated purchases 2. Recommend to others 3. Will come back to visit again 4. Not affected by other places 	4
Service Quality (Susanto & Wibisono, 2015)	<ol style="list-style-type: none"> 1. Food and Beverage industry in Bandung has visually attractive parking areas and building exteriors 2. Serves your food exactly as you ordered it 3. provides prompt and quick service 4. has personnel who are both able and willing to give you information about menu items, their ingredients, and methods of preparation 5. has employees who are sensitive to your individual needs and wants 	5
Customer Satisfaction (Nguyen Viet et al., 2020), (Herlina & Muliani, 2020)	<ol style="list-style-type: none"> 1. have really enjoyed the visit this place 2. I am satisfied with my decision to visit this place 3. I prefer this food to others. 4. I have positive feelings regarding to food and beverage industry in Bandung 5. After getting the service, I am satisfied with the service provided 	5

IV. Results and Discussion

4.1 Results

a. Normality Testing

Normality testing in research is one of the requirements of the analysis that must be carried out. Normality test aims to determine whether the data collected is normally distributed or not. To see the results of the normality test, it can be seen from the skewness, kurtosis, and cr of multivariate value must be -2.58 to 2.58 (Schumacker & Lomax, 2010).

Tabel 2. Assessment of normality (Group number 1)

Variable	min	max	skew	c.r.	kurtosis	c.r.
Service_Quality	10.000	24.000	.008	.036	-.504	-1.195
Customer_Satisfaction	10.000	25.000	-.142	-.671	-.060	-.143
Customer_Loyalty	8.000	20.000	-.104	-.495	-.310	-.736
Multivariate					1.664	1.765

Table 2 shows that the value of cr is 1.765 ($1.765 < 2.58$). It means the data in this research was normal.

b. Hypotheses Testing

After the normality test is met, the next step is to test the hypothesis. Hypothesis testing is carried out to make a decision whether the previously proposed hypothesis is accepted or rejected. To prove the hypothesis according to Byrne, (2010) can be seen from the critical ratio value > 1.96 and a probability level of 0.05.

Table 3. Hypotheses Result

		Estimate	S.E.	C.R.	P	Decision
Customer_Satisfaction	<--- Service_Quality	.547	.060	9.076	.000	Supported
Customer_Loyalty	<--- Customer_Satisfaction	.461	.067	6.833	.000	Supported
Customer_Loyalty	<--- Service_Quality	.200	.060	3.340	.000	Supported

4.2 Discussion

The results showed that all the hypotheses proposed in this study were all accepted. The effect of service quality on customer satisfaction shows a positive and significant effect. It can be seen from the probability value of 0.000 ($0.000 < 0.05$). It means that service quality can influence customer satisfaction. The better the quality of service, the more customer satisfaction will increase. On the other term, the lower the service quality, the lower the customer satisfaction. Thus, service quality is very important to be improved by the business owner, so that, customers will be more satisfied, and will increase the customer's desire to revisit. The results of this study was supported by the research conducted by Herlina & Muliani, (2020), the results of their finding showed that the quality of service provided by the Food and Beverage Department has a significant effect on customer satisfaction. It is also strengthened by the results of research conducted by Molle et al., (2019) they found that that there was an influence between customer satisfaction and customer loyalty. The results of research by Putro et al., (2014) also show that there was an influence between service quality on customer satisfaction.

The results of the research related to the effect of customer satisfaction on customer loyalty also found a positive and significant effect. If customer satisfaction increases, it will also make the increasing of customer loyalty. Conversely, if customer satisfaction decreases, this will make a decrease in customer loyalty. The results of this study was supported of Putro et al., (2014) stated that if consumers more satisfied with a product purchased, it will lead to customer loyalty, and the customer will make repurchases in the future.

The effect of service quality on customer loyalty also shows positive and significant effect. It means that service quality can increase customer loyalty. The better the quality of service, the higher the customer loyalty. Conversely, the lower the quality of service, the customer loyalty will also decrease. This shows the importance for the company to always continuously improve the quality of service. Without good service quality, customers will switch to other places. The results of the study which show the influence of service quality on customer loyalty, are also supported by previous research by Putro et al., (2014) finding that service quality can increase customer loyalty.

Based on the direct and indirect effects, it is known that the direct effect is 0.257 or 25.7%. While the indirect effect of service quality on customer loyalty through customer satisfaction is 0.324 or 32.4%. This shows that the indirect effect of service quality through customer satisfaction on customer loyalty has the greatest contribution to customer loyalty. Thus it can be concluded that customer satisfaction can mediate the effect of service quality on customer loyalty.

V. Conclusion

The results of the study indicate that there is a positive and significant influence between service quality and customer satisfaction. Service quality and customer satisfaction aslo can increase customer loyalty. Besides that, it was also found that customer satisfaction can mediate the effect of service quality on customer loyalty. This

means that to increase customer loyalty, customer satisfaction has a very important role. This finding implies that the business owner of the food and beverage industry in Bandung to continue to improve the quality of service.

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