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Effects of Service Quality on Customer Satisfaction on Retail Business

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ABSTRACT

The growth of the retail business has had an impact on the economy in Indonesia. So that competition between business actors is very high and each company will try to offer an advantage they have. As is the case for retail businesses, they will be competing on how to improve the quality of their service to customers. What is offered is the completeness of the product being sold, the price, service and the structure and design of the fixed location. The purpose of this study was to test measuring the service quality variables at Annisa Minimarket. This study uses primary data obtained by distributing questionnaires to Annisa minimarket customers. The analysis technique used is PLS. Based on the results of data processing, it can be concluded that the perceived service quality factor affects (significantly) on satisfaction.

Keywords: Service quality perception, customer satisfaction

Introduction

The retail business is strategic in its contribution to the economy in Indonesia. In this business, most of the products sold are products for basic needs. With the increase in the level of people's lives, the need for goods will increase, this will influence their behavior in choosing the goods to be purchased or in determining the place to shop that they think is the most appropriate and can truly meet the needs and desires of consumers, especially the more the number of shopping centers or supermarkets that will provide many alternatives for the public or consumers to choose, so this can lead to increasingly fierce competition between supermarkets with one another.

In addition to paying attention to the needs of consumers, companies must also pay attention to services, because service is an action taken to meet the needs of others (consumers, customers, clients, patients, passengers, and so on). This is not following the existing facts, because the company is deemed not to understand what its customers need. After all, the services provided by Annisa Minimarket are still considered unsatisfactory and disappointing to consumers, for example handling complaints about exchanging goods which seem very slow in overcoming these problems. If the company is not responsive to this problem, consumers will stop making purchases at the minimarket.

Service quality is not only carried out by service providers but must be preceded by customer needs and customer perceptions. Service quality has a close relationship with customer satisfaction. According to Wibowo et al. (2013) service quality is a way to find out how far the difference is between reality and customer expectations for the service received. Service quality is the customer's perception of the excellence of the service. With good service, it will make consumers get value for what they sacrifice to get something according to what they expect. According to Purbasari and Pernamasari (2018), states that creating and providing superior customer value to high-value consumers can improve an organization. Measuring service quality is difficult in the service sector because of the unique characteristics of services, namely: intangibility, heterogeneity, inseparability, and perishability (Purbasari and Pernamasari, 2018), Satisfaction is one of the important factors expected by consumers in purchasing a product or service. The satisfaction factor will be obtained by consumers in the process of consumption or consumption experience. Each

consumer can provide a statement of perception of the satisfaction obtained and collectively will provide a total assessment (Farida, 2014).

The level of customer satisfaction with the products being sold is very important for the company. Feelings of happiness or disappointment in someone who appears after comparing the performance (results) of the product in mind against the expected performance is customer satisfaction. Satisfying consumer needs is the desire of every company.

In general, it can be said that satisfaction is the feeling of pleasure or disappointment of a person which comes from a comparison between his impression of performance (results) and his expectations. Happy or satisfied customers tend to behave positively, and they will buyback. Customers can only be formed when customers are satisfied with the service they receive. Customer satisfaction is the basis for the realization of loyal or loyal customers.

Formulation of the problem

From the background description above, the problem in this study is how much influence service quality has on customer satisfaction?

Research purposes

The purpose of this study was to measure the effect of service quality on customer satisfaction

Literature review
Quality of service

Service quality is a starting point in efforts to increase customer satisfaction. Therefore, service quality is a concern for managers, practitioners, and researchers because it has a strong effect on business performance (Nazwirman, 2018). The service quality is a measure of how well the level of service provided is the same as customer expectations, providing quality service means adjusting to customer expectations consistently. The service quality is a mismatch between consumers' perceptions of services offered by certain companies and their expectations about companies offering such services.

Customer satisfaction

Customer satisfaction is a factor that influences the survival of a company to survive and thrive in business competition. Some academics define customer satisfaction. According to Wibowo et al. (2013) states that satisfaction is an after-purchase evaluation where the chosen alternative at least gives the same outcome or exceeds customer expectations, while dissatisfaction arises if the results do not meet customer expectations. Customer satisfaction (customer satisfaction) is a level where the estimated product performance is following buyer expectations (Wibowo et al., 2013).

Service quality and customer satisfaction

Service quality is related to a general assessment of the superiority of service delivery (Purbasari & Purnamasari, 2018). Service quality is a comparison between expected service and perceived service (Parasuraman; Valarie. A.Zeithaml; Leonard L. Berry, 1988 in Dewi Maharani, 2018) If the service received or felt is as expected, the service quality is perceived as good and satisfying.

According to Purbasari & Purnamasari (2018) relates service quality to customer satisfaction and estimates that customer satisfaction becomes positive and substantial when consumers experience high service quality, service delivery is felt to be the same or better than expected.

Service quality is one of the things that support customer satisfaction. The results of research conducted by Hendra et al. (2017) show that service quality has a significant relationship with customer satisfaction.
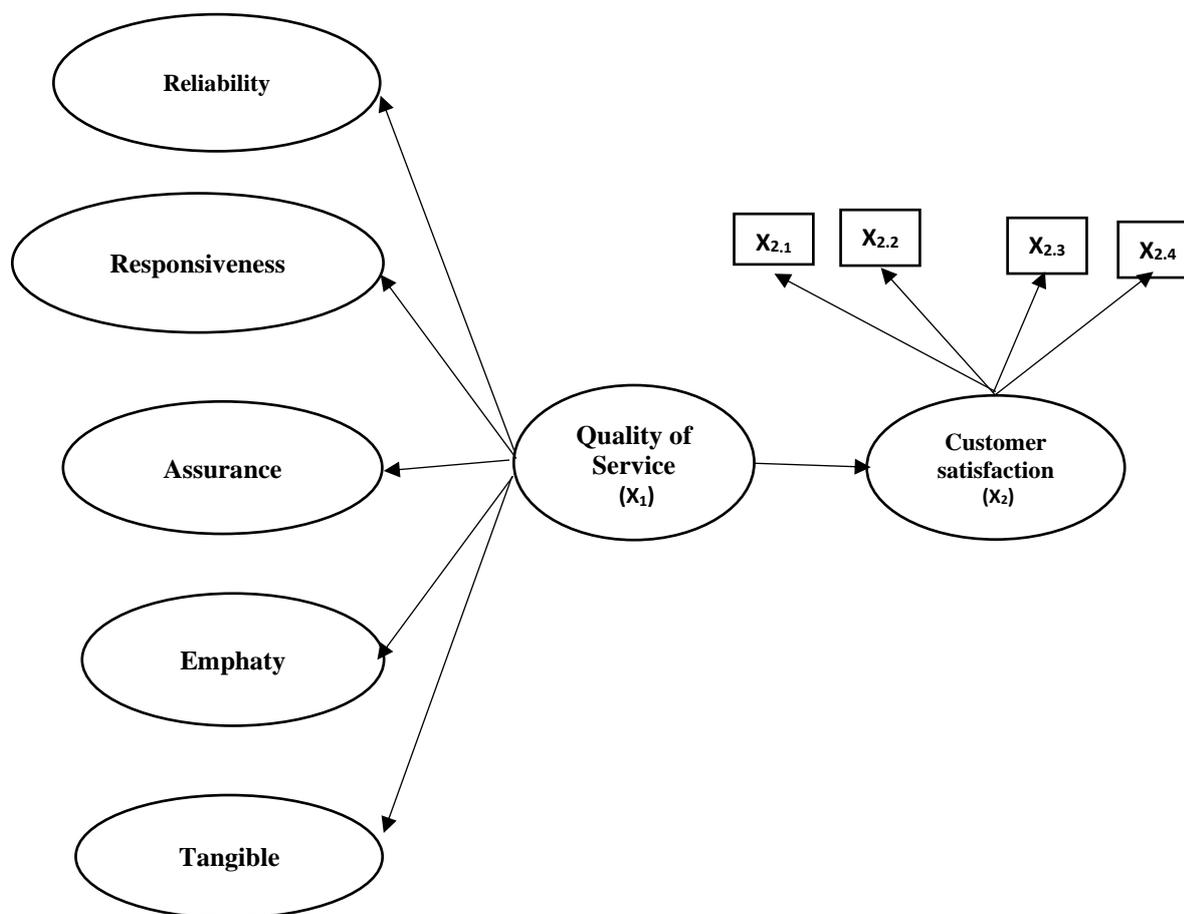
Conceptual model

Figure 1. Conceptual model

Hypothesis

Based on the formulation of the problem and research objectives, the hypothesis proposed in this study is that it is assumed that there is an effect of service quality on customer satisfaction.

Research methods

Operational definition

The operational definition and measurement used in this study are service quality, namely as the difference between customer expectations about perceived service and perceptions about the service received. Customer satisfaction is an evaluation of the overall services that have been provided where customer response is carried out directly. Or it can be interpreted as a response from customers for the services provided.

Population and sample

Population

The population in this study are customers of Annisa minimarket who are in Raya Balong-bendo Sidoarjo, and have made purchases at least 2 times and shop for their own needs.

Sample

The technique used is convenience sampling, which is a sampling method based on selecting members of the population who are easily accessible or found to obtain information. Using this

technique aims to obtain data from objects that are easily contacted, able to provide complete data, and have a high questionnaire return rate.

Based on Ferdinand (2002) the number of samples in this study was 100 respondents with the sample criteria were customers who were visiting and shopping at Annisa Minimarket at least 2 times with age restrictions of 19 years and over.

Data collection technique

The data taken is primary data which is obtained directly from 100 respondents through a questionnaire data collection tool and secondary data obtained from magazines, the internet, and data provided by the company.

Analysis technique

The analysis technique used is PLS (Partial Least Square), which is a powerful analytical method because it is not based on many assumptions. The PLS method has its advantages including the data does not have to have a normal multivariate distribution (indicators with a category scale, ordinal, interval to ratio can be used in the same model) and the sample size does not have to be large PLS has two indicator models in its description, namely a reflexive indicator model and a model. formative indicators.

Hypothesis testing results

Table 1. Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)
Service quality (X1) -> customer satisfaction (X2)	0.798823	0.805562	0.024020	0.024020

Source: Results of Data Processing

Based on the results of the analysis, it is shown that the variable size of service to customer satisfaction is obtained by a t-statistic value of 33.256328 which is significant (t table of 5% significance = 1.96) because the t-value of the statistic is greater than t-table 1.96. so that it can be explained that the variable service quality affects customer satisfaction.

From the results above, it can be interpreted that the performance of the services provided is very influential on customer satisfaction, so what Annisa minimarket applied, especially in the field of service, must be implemented properly. This is shown by the various facilities provided to consumers in the form of a comfortable, neat, safe building, free parking, a strategic location close to the main road, and friendly, polite, neat employee services and employees who are responsive when asked for help.

According to Suharyanto (2015), the quality of retail services affects customer satisfaction. So in this case good service quality can increase minimarket customer satisfaction which in the long run will increase the number of customers. And this can be concluded that the increasing customer competition, the service quality becomes an important determinant of customer satisfaction.

So, in this case the quality of service must be improved continuously because it will have a direct impact on customer satisfaction, besides that other factors can affect customer quality. There ore minimarket management must always make efforts to improve service quality performance.

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