Customer Loyalty Creation Based On Customer and Trust Satisfaction from Quality of Service in Pt. Pharos Indonesia Branch Denpasar

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Abstract:
This study aims to test and analyze service quality, customer satisfaction, trust and customer loyalty. This research was conducted at PT. Pharos Indonesia Denpasar Branch with research population is outlet that make purchasing, sample used 100 units with purposive sampling method. All data obtained from questionnaires are suitable for use, then analyzed using structural equation model based on variance analysis known as Partial Least Square (PLS). The results showed that the better the quality of service provided to customers, it will have a better impact on improving customer satisfaction, the better the quality of services provided to customers, it will have an impact on increasing trust customers, the more satisfied customers will have an impact on the increase of customer loyalty, the higher the trust the customer will have an impact on increasing customer loyalty, the more satisfied customers will have an impact on increasing trust customers and the better quality of services provided to customers will have an impact on increased customer loyalty. The implication of this research is that service quality can be improved by considering reliability, customer satisfaction can be improved by paying attention to customer satisfaction to the whole product. Trust can be improved by taking into account competence and customer loyalty can be improved by paying attention to make purchases regularly.

Keywords: service quality, customer satisfaction, trust and customer loyalty

I. Introduction:
In this era of increasingly competitive competition, every company is increasingly aware of the importance of customer loyalty aspects to ensure the continuity of their business. These habits can be built through repeated purchases within a certain period of time, if in a certain period does not make repurchase then the person can not be said as a customer but as a buyer (Musanto, 2004). Therefore now many companies are working to develop effective strategies to build, maintain and increase customer loyalty, one of which is PT. Pharos Indonesia Denpasar Branch. PT. Pharos Indonesia Denpasar Branch is one branch that has a good sales growth with the achievement of 100% sales target. One of them is the department of PT. Nutrisains. Year 2015 in the second half of sales of PT. Pharos Indonesia Branch Denpasar can reach 100.3%. Attempts to maintain
an increasing number of sales continue to be made by marketers teams such as discounting in large purchases, selving displays, sponsorship in an event, and regular product ad serving. But in the fifth semester in the year 2017 only able to reach 72.9%.

From the average number of sales and targets in the last five semesters, PT. Pharos Indonesia Branch of Denpasar only able to reach 89.8%. In this case allegedly there are several things that affect the decrease in the amount of sales of PT. Pharos Indonesia Denpasar Branch. One of the things that allegedly influences the decline in the number of sales is the number of outlets that make transactions. In the fourth and fifth semesters, the number of outlets that transacted decreased significantly ie 95.69% and 89.55% respectively.

Sales growth is a key indicator of marketing performance (Slater and Nerver, 1997 in Hadi, 2003). Increased sales indicate a good marketing performance and certainly very positive effect on the survival of the company.

In addition, there is also a research gap from previous researcher researchers between the relationship of service quality variables, customer satisfaction, trust and customer loyalty as follows:


This study was conducted based on two reasons, namely: (1) the existence of a research gap that has been disclosed in the previous paragraph. (2) the existence of a research problem found in the field. Thus this research takes the title "Customer Loyalty Creation Based On Customer And Trust Satisfaction From Quality Of Service In PT. Pharos Indonesia Branch Denpasar".

2. Chapter II Review of Literature

2.1 Quality of Service:

Kotler (2003) defines quality as the overall characteristics and characteristics of products or services that support the ability to satisfy the needs. Tjiptono and Chandra (2005) describe the concept of service (service) as a separate identifiable activity that is essentially intangible, which is the fulfillment of needs and should not be tied to the sale of other products / services.

The indicators of service quality revealed by Tjiptono (2011: 261) include tangible, reliability, responsiveness, assurance and empathy.

2.2 Customer Satisfaction

Rangkuti (2006: 30) defines customer satisfaction as a customer response to a discrepancy between the level of prior importance and the actual performance it perceives after usage. Satisfaction is a function of perception or impression of performance and expectation (Lupiyadi, 2006). Customer satisfaction has an indicator of success, according to Ellitan (2006) indicator of customer satisfaction are:

1) No complaints or complaints are resolved
2) Feel customer satisfaction on the whole product
3) Compliance with customer expectations / expectations.

2.3 Trust:

Morgan and Hunt in (Akbar and Parvez, 2009: 26) states that trust exists only when one party has confidence in an exchange partner's reliability and integrity.

Jasfar (2009: 169) states that the indicator of trust consists of 3 components, namely:

1) Integrity
2) Benevolence
3) Competence

2.4 Customer Loyalty:

Consumer loyalty as a consumer mindset that holds a favorable attitude toward a company, commits to buy more products / services of the company and recommends those products / services (Parasuraman et al., in Akbar and Parvez, 2009: 27).

Griffin (2009: 31) states there are four aspects in the measurement of loyalty, namely:

1) Re-buy regularly.
2) Buying inter lines of products and services.
3) Recommend to others.
4) Demonstrate immunity to the pull of competitors.

In accordance with the study of literature and empirical, it can be developed hypothesis in this study with the exposure as follows:
1) Effect of Service Quality on Customer Satisfaction

Meeting the needs and desires and value of service quality expected by consumers is determined by the quality of service. According to Sureshchandar et al., (2002) in Yeop et al., (2009: 67), unsatisfactory services will lead to reduced subscriber or even lost as customers move to other services, so there is no doubt about the importance of quality service as the ultimate goal of service providers worldwide. This is supported by research results Pradhan (2015), Budiyanto (2013) and Setyani (2014). Based on these findings, the hypothesis of this research is:

**H1: Quality of service has a positive effect on customer satisfaction.**

2) Influence Quality Service Against Trust Quality of service has a positive effect on trust according to Elrado (2014). Supported by research results Pramana and Rastini (2016), Agung (2006) and Fajarini (2016). Based on these findings, the hypothesis of this research is:

**H2: Quality of service has a positive effect on trust.**

3) The Effect of Customer Satisfaction Against Customer Loyalty Kotler in (Utari, 2010: 139) states that customer satisfaction becomes one demand on service companies. Murtiyanto (2014) in his research stated that customer satisfaction has a positive and significant impact on customer loyalty. In line with the results of research Pramudyo (2012, Ramenusa (2013) and Darmawan (2017). Based on these findings, the hypothesis of this research is:

**H3: Customer satisfaction positively affects customer loyalty.**

4) The Influence of Trust Against Customer Loyalty According to Lovelock and Wright in Jasfar (2012: 22), customer loyalty is the willingness of customers to use the services of a company repeatedly, and recommend the company's services to others. Paramitha (2010) stated that confidence in salespeople positively affects customer trust, customer satisfaction relationship positively affects customer trust, and customer trust positively affects customer loyalty. Madjid (2013) in his research "Customer Trust as Relationship Mediation Between Customer Satisfaction and Loyalty At Bank Rakyat Indonesia (BRI) Southeast Sulawesi" stated that customer trust has a positive and significant impact on customer loyalty. Based on these findings, the hypothesis of this research is: Based on these findings, the hypothesis of this research is:

**H4: Trust has a positive effect on customer loyalty.**

5) Effect of Customer Satisfaction Against Trust Variable customer satisfaction also affects customer trust. Companies that want to win the competition in business can give full attention to customer satisfaction. Full attention to customer satisfaction will have a positive impact on the company. Norhermaya (2016) states that customer satisfaction is very influential on customer confidence, especially to re-purchase. Walter, et al., (2012) in the title "The Impact of Satisfaction, Trust, and Relationship Value on Commitment: Theoretical Considerations and Empirical Results" states that customer satisfaction has a significant effect on customer trust. Based on these findings, the hypothesis of this research is:

**H5: Customer satisfaction has a positive effect on trust.**

6) Effect of Service Quality on Customer Loyalty Tjiptono (2005: 115), argued that the quality of service has a close relationship with customer loyalty. Marina's research (2014) resulted in a strong relationship between service quality and customer loyalty. Supported by Melysa (2013), Widyantingtyas (2010), Nariswari and Iriawan (2012), Aryani and Rosinta (2010). Based on these findings, the hypothesis of this research is:

**H6: Service quality positively affects customer loyalty.**

III Research Method:

3.1 Research Design:

The research design is the flow of research activities to provide solutions using a powerful approach (Margono, 2010). Based on the hypothesis, there are four variables that are determined in this study are: service quality, customer satisfaction, trust and customer loyalty.

These variables become the basis in the preparation of research instruments. After the sample is set, followed by data collection, through the

questionnaire method using the instrument that has been prepared. The data obtained before the analysis was tested by validity and reliability test by using confirmatory factor analysis technique to confirm the accuracy (valid and reliable) of the instrument, then analyzed using Partial Least Square (PLS) analysis technique. The results of further analysis are interpreted and continued by concluding and providing suggestions.

3.2 Research Sites:
This research takes place at PT. Pharos Indonesia Denpasar Branch located at JalanWaribang No 23, Br. Kedaton, KesimanPetilan, Denpasar.

3.3 Scope of Research:
The scope of this study is limited only to the areas of service quality, customer satisfaction, trust and customer loyalty PT. Pharos Indonesia Denpasar Branch with case data used is in department of PT. Nutrisains. The research will be conducted specifically on the area of Denpasar City.

3.4 Population and Sample:
3.4.1 Population:
According to Sugiyono (2014: 115) population is a generalization region consisting of objects and subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions. Population in this research is customer of PT. Pharos Indonesia Branch Denpasar is an outlet that performs transactions during the period of 2015-2017 special located in the area of Denpasar City which is a number of 1114 outlets.

3.4.2 Sampling:
According Sugiyono (2014: 116) the definition of the sample is part of the number and characteristics possessed by the population. To determine the sample size, it is done by using Slovin formula (Umair, 2000: 147) then the minimum sample quantity targeted in the research is 100 units.

3.5 Identify Variables:
In this study using 4 (four) variables consisting of service quality (X) as independent variable (exogenous), customer satisfaction (Y1) and trust (Y2) and customer loyalty (Y3) as endogenous variable, as well as customer satisfaction (Y1) and trust (Y2) as a mediation variable.

3.6 Define Operational Variables:
In this research using 4 (four) variables consisting of:

1) Quality of service can be interpreted as an effort to meet the needs and desires of consumers and the accuracy of delivery in counterbalance consumer expectations (Tjiptono, 2007).

2) Rangkuti (2006: 30) defines customer satisfaction as a customer response to the discrepancy between the level of prior importance and the actual performance he felt after usage.

3) Morgan and Hunt in (Akbar and Parvez, 2009: 26) "states that trust exists only when one party has confidence in an exchange partner's reliability and integrity" states that trust exists only when one party believes in a reliable cooperative relationship and have integrity.

4) Customer loyalty as a customer mindset that holds a favorable attitude toward a company, commits to buy more products / services of the company and recommends the product / service (Parasuramanet al., in Akbar and Parvez, 2009: 27).

3.7 Types and Data Sources:
This research is a quantitative research with survey method with data source in this research is primary and secondary data source. Both obtained directly from the field and data obtained from the company.

3.8 Methods of Data Collection and Research Instruments:
Data is collected by plunging directly into the field at any given time. In addition to the researcher as an instrument, will also be used support equipment in the framework of collecting data such as recorder so that the data collected enough to complete the research and achieved research objectives. To obtain the necessary data in this study, it can be submitted data collection techniques used include questionnaires, interviews and documentation.

In measuring the research variables, respondents were asked to state their perceptions by choosing one of the five answer alternatives: (5) strongly agree, (4) agree, (3) disagree, (2) disagree, (1) agree.

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3.9 Testing of Research Instruments:
The result of the research instrument test showed that all the questions of the four variables studied (service quality, customer satisfaction, trust and customer loyalty) were valid (coefficient above 0.30), and showed good level of reliability (Alpha correlation coefficient (α) Cronbach is above 0.60).

3.10 Data Analysis Techniques:
3.10.1 Descriptive Analysis:
The use of descriptive analysis techniques is intended to obtain a description of the characteristics of the study respondents from several aspects, such as: gender, age and education presented in the form of frequency, percentage, or average (mean).

3.10.2 Inferential Analysis:
Inferential analysis method used in this research is to test the measurement model and structural model simultaneously with the available data analysis of 60 questionnaires. In accordance with this, adequate analytical techniques used are the structural equation modeling (SEM) based on variance or component based best known as Partial Least Square (PLS).

Chapter IV Discussion:
In this research, the four latent variables are service quality (X), customer satisfaction (Y1), trust (Y2) and customer loyalty (Y3) is a measurement model with reflective indicator, so in evaluation of measurement model is done by checking:

1) Evaluation of Measurement Model (Outer Model)

2) Evaluation of Structural Model (Inner Model)

The result of structural model evaluation got the value of Q2 that is 0.966. Thus, the results of this evaluation provide evidence that the strutural model has a goodness of fit model. This result can be interpreted that the information contained in the data is 96.6 percent can be explained by the model, while the remaining 3.4 percent is explained by errors and other variables that have not been contained in the model.

3) Hypothesis Testing Results:
Hypothesis testing is done by t-test tdengan sorting for testing direct and indirect influence or testing of mediation variables. The results of hypothesis testing research can be presented in the following figure:

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From the table above, it can be determined the results of hypothesis testing described in the following description:

a) Quality of service (X) proved to have a positive and significant impact on customer satisfaction (Y1), with a positive path coefficient of 0.804 with T-statistic = 17.737 (T-statistic> 1.96).

b) The quality of service (X) has a positive and significant effect on trust (Y2) with a positive path coefficient of 0.431 with T-statistic = 3.116 (T-statistic> 1.96).

c) Customer satisfaction (Y1) has a positive and significant effect on positive customer loyalty (Y3) with a positive path coefficient of 0.323 with T-statistic = 2.186 (T-statistic> 1.96).

d) Trust (Y2) has a positive and significant effect on positive customer loyalty (Y3), with a positive path coefficient of 0.517 with T-statistic = 3.711 (T-statistic> 1.96).

e) Customer satisfaction (Y1) has a positive and significant effect on positive trust (Y2) with a positive path coefficient of 0.390 with T-statistic = 3.185 (T-statistic> 1.96).

f) The quality of service (X) has a positive and significant effect on positive of customer loyalty (Y3) with a total effect gained of 0.952 compared to the quality of service line (X) → trust (Y2) → loyalitas customer (Y3) with a total effect of 0.915. These findings provide clues that the quality of service can improve customer loyalty. However, the indirect effect of service quality influences customer loyalty through customer satisfaction mediation is able to give a greater impact on customer loyalty. This indicates the better the quality of service provided to improve customer satisfaction and can increase customer confidence in the end increase customer loyalty.

4) Mediation Securities Test Result:

In order to know the overall effect for each relationship between the variables studied, it can be presented recapitulation of direct effects, indirect effects, and total effects in the following table:

The effect of mediation on customer satisfaction variable (Y1) on the indirect effect of service quality (X) on customer loyalty (Y3) is by coefficient of path equal to 0.259, greater than confidence mediation effect of trust (Y2) on indirect effect of service quality X) to customer loyalty (Y3) that is with path coefficient of 0.222. Thus, overall, the quality of service line (X) → customer satisfaction (Y1) → Life subscriber (Y3) with total effect gained of 0.952, compared to the quality of service line (X) → trust (Y2) → loyalitas customer (Y3) with a total effect of 0.915. These findings provide clues that the quality of service can improve customer loyalty. However, the indirect effect of service quality influences customer loyalty through customer satisfaction mediation is able to give a greater impact on customer loyalty. This indicates the better the quality of service provided to improve customer satisfaction and can increase customer confidence in the end increase customer loyalty.

Based on the results of testing the hypotheses that have been described above, then compiled the path diagram as the following Graph 4.3:
These findings provide clues that the quality of service can improve customer loyalty. However, the indirect effect of service quality influences customer loyalty through customer satisfaction mediation is able to give a greater impact on customer loyalty. This indicates the better the quality of service provided to improve customer satisfaction and offset by increasing customer confidence which will certainly impact on increased customer loyalty.

V. Conclusions and Suggestions:

1) Conclusion:
   a) Quality of service has a positive and significant impact on customer satisfaction of PT. Pharos Indonesia Denpasar Branch.
   b) Quality of service has a positive and significant impact on customer trust of PT. Pharos Indonesia Denpasar Branch.
   c) Customer satisfaction has a positive and significant impact on customer loyalty PT. Pharos Indonesia Denpasar Branch.
   d) Trust have a positive and significant impact on customer loyalty PT. Pharos Indonesia Denpasar Branch.
   e) Customer satisfaction has a positive and significant impact on customer trust of PT. Pharos Indonesia Denpasar Branch.
   f) Quality of service has a positive and significant impact on customer loyalty PT. Pharos Indonesia Denpasar Branch.

2) Limitations of Research:
   Limitations that can be conveyed from this research based on the time of research that is relatively short (cross-sectional). This limitation certainly has a low impact of generalization of research, given the problems faced in the process of maintaining customer relative complex and dynamic from time to time. If the model is applied at other times and conditions it is possible to obtain different results.

In addition to the development of more relevant indicators used in each variable, as well as many factors as a determinant of the level of customer loyalty to a company. This is considering the effort to increase customer loyalty is quite crucial in an increasingly dynamic era.

3) Suggestions:
   a) Quality of service PT. Pharos Indonesia The Denpasar branch is reflected in responsiveness. This is not yet in line with reality, the customer is more responding to the reliability shown in the highest average gain. This report provides important guidance for management to pay more attention to reliability without neglecting other indicators.
   b) The high customer satisfaction of PT. Pharos Indonesia The Denpasar branch tends to be reflected in the customer's satisfaction with the whole product. This is in line with reality. So it is suggested to management to keep paying attention and not ignore other indicators.
   c) The high trust customers PT. Pharos Indonesia The Denpasar branch tends to be reflected in integrity. This is not in line with reality, the
customer is more responsive to the competence shown by the highest average. These results provide guidance for management, an important role in trust must pay more attention to competence without ignoring other indicators.

d) The high loyalty of customers PT. Pharos Indonesia The Denpasar branch tends to be reflected in showing immunity to the pull of competitors. This is not in line with reality, shown by the highest average. These results can give direction for management to give priority to make purchasing regularly with still pay attention other factor.

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