# ANALYZING SERVICE QUALITY ON CUSTOMER LOYALTY IN FRESHMART BAHU MANADO

ANALISA KUALITAS SERVIS PADA LOYALITAS KONSUMEN DI FRESHMART BAHU MANADO

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#### **ABSTRACT**

Industrial development of retail business in Indonesia was marked by the opening of the entrance to the foreign retailers as Presidential Decree of the Republic of Indonesia No. 118 of 2000 which has issued a retail business on the negative list for foreign direct investment (FDI), since that the modern retail business which is funded by local and foreign capital got increased. This study has discussed about service quality; tangibles, reliability, empathy, responsiveness, and assurance, consideration simultaneous influence the consumer loyalty. The research aims to analyze service quality on customer loyalty in modern retail market: Freshmart Bahu Manado. The main reason of this study is to reveal how service quality influence customer loyalty in Freshmart Bahu Manado. The data of this study had collected from consumers (respondents) who have experience of daily shopping activities in Freshmart Bahu Manado.

Keywords: Service Quality, Responsiveness, Assurance, Empathy, Tangibles, Reliability

# **ABSTRAK**

Pengembangan industri bisnis ritel di Indonesia ditandai dengan pembukaan pintu masuk untuk retail asing, Keputusan Presiden Republik Indonesia Nomor 118 Tahun 2000 yang telah mengeluarkan bisnis ritel dari daftar negatif investasi asing langsung (FDI), karena itu bisnis ritel modern yang didanai oleh modal lokal dan asing bisa meningkat. Penelitian ini akan membahas tentang kualitas pelayanan; tangible, reliabiliti, empati, daya tanggap, dan jaminan, pertimbangan pengaruh simultan loyalitas konsumen. Tujuan penelitian untuk menganalisis kualitas layanan terhadap loyalitas pelanggan di Freshmart Bahu Manado. Alasan utama dari penelitian ini adalah untuk mengungkapkan bagaimana kualitas pelayanan pengaruh loyalitas pelanggan di Freshmart Bahu Manado. Data dari penelitian ini telah dikumpulkan dari konsumen (responden) yang memiliki pengalaman kegiatan belanja sehari-hari di Freshmart Bahu Manado.

Kata Kunci: Kualitas Servis, Daya Tanggap, Jaminan, Empati, Berwujud,, Keandalan

#### 1. INTRODUCTION

Modern retail business is the development of traditional retail. This modern retail business emerge and evolve as the development of economic, social, cultural, technological and lifestyle that demands a level of comfort and ease, especially when going shopping. Modern retail business in Indonesia by Presidential Decree of the Republic of Indonesia Number 112 of 2007 regarding the structuring and development of traditional markets and shopping centers and modern shops, as well as the Regulation of the Minister of Trade of the Republic of Indonesia Number 70 Year 2013 on guidelines for structuring and development of traditional markets, shopping centers and modern stores, Retail sense Modern or Modern Store is a store with a self-service system, sell various kinds of goods at retail in the form Minimarket, Supermarket, Department Store, Hypermarket Grocery and Wholesale form. Meanwhile, the Modern Store Network managers are entrepreneurs conducting business through a single unified system management and distribution of goods to the outlets / stores which is a network.

Today the retail business, with the concept of one stop shopping and offers a variety of things that make it easier and pamper consumers as price certainty in accordance with the size of the expected product, a cozy atmosphere, a clean environment, relatively safe from acts of criminality, the products offered are varied with alluring appearance and quality of products offered guaranteed. Another convenience, not least offered by modern retail business is namely: easy complained when things happen that harm consumers (product warranty), good service, ease of transaction, packaging is good and vigorous campaign of retailers through various media, especially print and electronic media to make a retail business or a retail business in Indonesia is increasing its presence in the industrial development and retail business in the homeland.

The development of modern retail business in Indonesia today become a very potential and prospective, as Indonesia today has the largest number of people to four of the world that is as much as approximately 250 million people, and according to recent reports from various surveys, especially in the total consumption in the country to fulfillment of daily reach of more than Rp. 3,600's. From the facts mentioned above, of course, the same thing also happens in North Sulawesi province, especially in the capital city of Manado North Sulawesi Province, the development of modern retail business is growing very rapidly, especially in the form of minimarket. According to information from the Department of Industry of Manado (2015), recorded more than 40 outlets / minimarket outlets nowadays has been operating in the town of about 500 thousand inhabitants. The development of modern retail business, especially in the form of mini-up to the centers of densely populated residential and business centers in the largest city in the Eastern Region of northern Indonesia, ranging from ownership of local residents to have a national network, are predicted to increase in the next year in line of increasing the number and needs of the city of Manado.

# **Research Objectives**

The objectives in the research can be formulated as follows:

- 1. To analyze the significant influences of tangibles, reliability, empathy, responsiveness, and assurance on customer satisfaction simultaneously
- 2. To analyze the significant influence of tangibles factor to customer satisfaction partially.
- 3. To analyze the significant influence of reliability factor to customer satisfaction partially.
- 4. To analyze the significant influence of empathy factor to customer satisfaction partially.
- 5. To analyze the significant influence of responsiveness factor to customer satisfaction partially

6. To analyze the significant influence of assurance factor to customer satisfaction partially

# 2. THEORITICAL REVIEW

This research is an explanation that will prove a causal relationship between the independent variable, quality of service and the dependent variable is satisfaction. As well as correlation research; research trying to see if between two or more variables have a relationship or not, and how much that relationship. (Indriantoro and Supomo, 2002). This research was conducted on Freshmart Bahu Manado, and the questionnaires was collected on the visitors in the Freshmart Bahu Manado.

There are five dimensions, according to Rangkuti (2003:29) simplified to:

- 1. Responsiveness, the ability to help consumers and availability to serve customers well.
- 2. Reliability is the ability to perform the promised service in accordance with immediate, accurate, and satisfying.
- 3. Emphaty, which is a sense of caring to give individualized attention to consumers, understand the needs of consumers as well as ease of contact.
- 4. Assurance, namely knowledge, courtesy of its officers and trustworthy so that the consumer is free from risk.
- 5. Tangibles, including physical facilities, equipment staff, and means of communication.

One of the factors which determine consumer loyalty is the consumer's perception of the quality of services that focuses on five dimensions of service. Consumer loyalty, in addition influenced by the perceived quality of service, is also determined by the quality of the product, the price, and the factors that are personal and situation for a moment.

Consumer's perception for quality of service does not require consumers to use these services to provide a first assessment.

In terms of day-to-day customers are people who buy and use the activities of a product, both goods and services, continuously. Customers or users of a product are the ones that relate directly or indirectly to the business firms.

In terms of improving quality, customer definition is any person who requires the rendering of services (companies) to meet a certain quality standard, so it can make an impact on the activities of service providers (companies). In broad outline, there are three types of customers, namely internal customers, intermediate customers, and external customers.

Oliver (1996:392) in Ruth Hurriyati (2010:129) definition of customer loyalty expressed as follows: "Customer loyalty is deefly held commitment to rebuy or repatronize a preferred product or service consistantly in the future, despite situational Influences and Marketing Efforts having the potential to cause switching behavior".

From the definition above shows that the last customer loyalty is deeply committed to resubscribe or re-purchase products / services consistently elected in the future, although the influence of the situation and marketing efforts having the potential to cause changes in behavior.

Loyalty is the most important factor in determining the success of a business and the sustainability of a business, and in the absence of loyalty in the business a competitive

advantage possessed such never existed and the company will not be successful (Omar Samuel, 2006).

# **Hypothetical Framework**

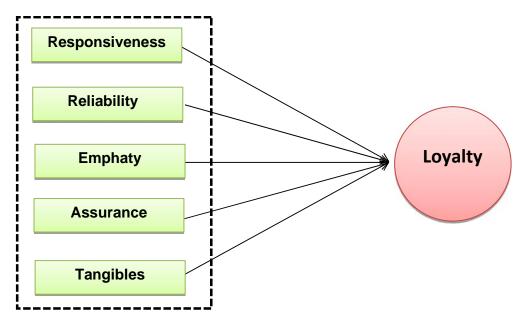


Figure 1. Hypothetical framework Source: Literature reviews, 2015

# 3. RESEARCH METHOD

# Region and Object Research

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#### Place and Time of Research

Location: Freshmart Bahu Mando, Komplex Bahu Mall, Malalayang Manado. Date: August 6 2013 – August 29 2013

# **Data Source**

Data used in this study are primary / empirical data. Quantitative data is data in the form of numbers can be calculated, which is obtained from the calculation of the questionnaire which will be related to the issues discussed.

#### **Data Collection Method**

Data collection techniques used in the preparation of this paper is to collect activity data by distributing questionnaires containing questions in writing to the visitors Freshmart Bahu Manado.

### **Sampling Method**

The sampling method used is accidental sampling (Santoso and Tjiptono 2001:89-90). There are 100 costumers.

# 4. RESULTS

This study raised the issue of the influence of the quality of services consisting of Tangibles (X1), Reliability (X2), Empathy (X3), Responsiveness (X4) and Assurance (X5) to customer Satisfaction (Y). There are 100 respondents of Freshmart Bahu Manado consumers. The respondents who have done filling questionnaires will then be identified based on gender, age, and education. This identification is done to know the general characteristics of the survey respondents.

Reliability is something fairly reliable instrument to be used as a means of collecting data because the instrument is good (Arikunto, 1998:170). Here is reliable is the data, not merely the instrument. Measurement has high reliability of measurement called a reliable, such as: reliability, dependability, constancy, stability, consistency and so on, but the main idea is contained in the concept of reliability is a measure of how far the results can be trusted (Anwar, 2001:4).

Tool to measure the reliability is *Cronbach Alpha*. A variable is said to be reliable, if (Bhuono, 2004: 352): Result  $\geq 0.60 = \text{reliable}$ ; Result < 0.60 = not reliable.

Alpha Variable **Total Item Explanation** Cronbach 0.896 **Tangibles** Reliable 5 Reliability 0.915 4 Reliable **Empathy** 0.827 4 Reliable 4 Responsiveness 0.824 Reliable Assurance 0.817 Reliable 0.854 5 **Customer Satisfaction** Reliable

Table 1. The reliability of Research Variable

Source: Data processed, 2015

# 5. CONCLUSION

Based on the analysis results by using multiple regression analysis, the value of F count of 147 402, with significantly the value of 0.000 < 0.05, it can be concluded variables Tangibles (X1), Reliability (X2), Empathy (X3), Responsiveness (X4), Assurance (X5) are jointly significant effect on customer satisfaction (Y) Freshmart Bahu Manado.

Management must improve services provided to customer primarily variable tangibles and empathy than assurance, as well as a significant influence on customer satisfaction. Freshmart Bahu Manado need more depth and capable of conducting market research on an ongoing basis for the determination of the company's marketing strategy in order to maximize the profitability of the company. This is because to anticipate changes in customer wants and needs on service performance variables such as tangibles, reliability, responsiveness, assurance, and empathy, which may change at any time. Freshmart Bahu Manado should always conduct periodic surveys or research to customers to see if the customer is satisfied with the services provided Freshmart Bahu Manado party.

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