

ANALYSIS OF CUSTOMER LOYALTY WHICH IS FORMED BY SERVICE QUALITY DIMENSIONS USING REFLECTIVE INDICATORS (Case Study of Alfamart Mini Market in Surabaya City)

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DOI: <https://doi.org/10.56457/jimk.v12i2.623>

Received: October 3, 2024

Accepted: December 21, 2024

Published: December 26, 2024

Abstract

The Alfamart minimarket in the city of Surabaya is the subject of this case study investigation. The reason behind the author's research was to investigate the impact of service quality aspects on customer loyalty through the use of reflecting indicators. 180 respondents provided the primary data, which was graded on a level 5 Likert scale. Subsequently, the statistical package program for social sciences, version 26, was used to process the data (SPSS 26). The author's hypothesis was tested at a 0.05 and is based on theories and other prior investigations. The data processing results indicate that the independent variables related to service quality have a significant impact on customer loyalty both partially and simultaneously (simultaneously), although the degree of correlation between the independent and dependent variables is either normal or moderate. It is also evident from the data processing findings that the reliability variable is the most dominating variable, with the independent variable contributing 75.5% to the dependent variable. The research's consequences may offer empirical support for the two categories of factors examined. Practically speaking, modern market business people can also utilize it as reference material.

Keywords : service quality dimensions, customer loyalty, service quality dimensions indicators

INTRODUCTION

In the Euromonitor report quoted by the United States Department of Agriculture (USDA) entitled Indonesia: Retail Food, Alfamart will become the best-selling modern retailer in Indonesia in 2022 in the category of sales of food, drinks and daily necessities. This achievement made Alfamart win the battle against its main competitor Indomaret after losing four years in a row. In the report, it was also reported that Alfamart was able to achieve higher sales revenue than its main competitor. The United States Department of Agriculture (USDA) projects that the minimarket business in Indonesia will generally continue to strengthen. This is certainly

an interesting phenomenon and needs to be researched.

In a business, customer loyalty is a factor that cannot be underestimated (Huang et al., 2021). If customer loyalty has been formed, it is certain that the business can continue. Customer loyalty is a tendency to buy and/or use a product or service again. Consumers are said to be loyal if they have a consumption pattern for one service at a time and never change from one service to another. At this level consumers show very high loyalty. On the other hand, consumers are said to be very disloyal if consumers have no loyalty at all to certain services. This kind of consumer has a consumption pattern that changes from one service to another at any time.

The most important thing that must be done to win competition in business is to satisfy consumers. Companies that succeed in keeping their consumers satisfied will find it easier to maintain and even develop their business because their consumers are more loyal. Thus, these consumers often make repeat purchases and are willing to pay more.

Talking about customer satisfaction, it cannot be separated from service quality. Quality of service is very necessary for business people considering that consumers have desires that always want to be fulfilled and satisfied. Consumers always expect to get maximum service. In this case, they want to be treated professionally and get something that they expect. Service quality is the key to success so service quality needs attention.

Yeong (2022) stated that there are five main dimensions that form service quality, all of which influence customer loyalty. These five dimensions are, 1) Reliability, 2) Responsiveness, 3) Assurance, 4) Caring (emphaty), 5) Physical evidence (tangibles).

It was further stated by Sala (2019) that there are still gaps in service delivery such as 1) Gaps between management perceptions and consumer expectations and service quality specifications, 2) Gaps between service quality specifications and service delivery, 3) Gaps between delivery services with communication and finally, 4) The gap between the services experienced and the services expected. This can be seen in research conducted by Qomariana, W, Z. & Putri, R, D. (2019), Melani et al (2021),

Wicaksono, A, A. and Trinanda, O (2020).

From the explanation above (the existence of phenomena and still gaps), it is necessary to carry out research to analyze customer loyalty which is formed by service quality dimensions using reflective indicators for Alfamart mini markets operating in the city of Surabaya.

LITERATURE REVIEW

The author quotes the theory of Budianto et al. (2019). This theory is the dimensions of service quality as well as variables that form customer loyalty, 1) Reliability, related to the company's ability to deliver promised services accurately from the first time, 2) Responsiveness, Responsiveness, regarding the willingness and ability of shop staff to help customers and respond to customer requests immediately, 3) Assurance, regarding the knowledge, politeness and ability of shop staff to foster a sense of trust and confidence customer (confidence), 3) Caring (emphaty), related to the ability of shop staff to understand and act in the interests of customers including providing personal attention and appropriate operating hours, 4) Physical evidence (tangibles), regarding physical appearance, service, equipment/equipment, human resources and communication materials, 5) Customer Loyalty.

Burke (2015) stated that customer loyalty is a tendency to buy and/or use a product or service again and the most important thing that must be done to win competition in business is to satisfy consumers. Further stated by Jacoby et al. in Oliver (1997) that a deep view of commitment to repurchase or better remodel a product or service

consistently in the future despite situational influences and marketing efforts has the potential to change behavior.

Previous Research

To strengthen the hypothesis proposed, apart from referring to several theories related to the title of the research, the author also quotes several studies that have been conducted previously by researchers such as Dolorosa et al.(2023), Pasionus, O. and Kana, A, A. (2021), (Bonggoibo, 2022), Munfaqiroh, S. (2022), Yuliyana, W. et al (2021), (Hakim et al., 2022), (Apsari et al., 2022), Wicaksono, A, A. and Trinanda, O. (2020), Qomariana, W, Z. and Putri, R, D. (2019), Landari, Y. et al. (2021), Melani et al (2021), Mangiri, N., J., S. and Sasabone, L. (2023), Samsir, N. (2020), (Kurniawan et al., 2020).

Relationship Between Variables

The author describes the relationship between variables as follows:

1. The relationship between reliability and customer loyalty

According to Parasuraman in Tjiptono (2008: 95) that indicators of reliability consist of work consistency (performance) and trustworthiness (dependability) which positively have a direct influence on the dimensions of customer loyalty, namely stating positive things (say positive things), giving recommendations to other people. (recommend friend) and make continuous purchases (continue purchasing).

2. The relationship between responsiveness and customer loyalty

According to Parasuraman in Tjiptono (2008: 95), responsiveness, namely the willingness and alertness of employees to help and serve customers immediately, has a direct and positive effect on customer loyalty. Because it provides added value in the form of special motivation for customers to establish long-term, mutually beneficial relationships with the company. This bond is what will make customers loyal.

3. The relationship between assurance and customer loyalty

According to Parasuraman in Tjiptono (2008: 95) assurance relates to employee knowledge and personality, as well as their ability to foster a sense of trust and customer confidence, making a positive contribution to the realization of customer loyalty. Because with these things, customers feel understood and ultimately feel comfortable, thus making these customers loyal.

4. Caring relationship (empathy) towards customer loyalty (customer loyalty)

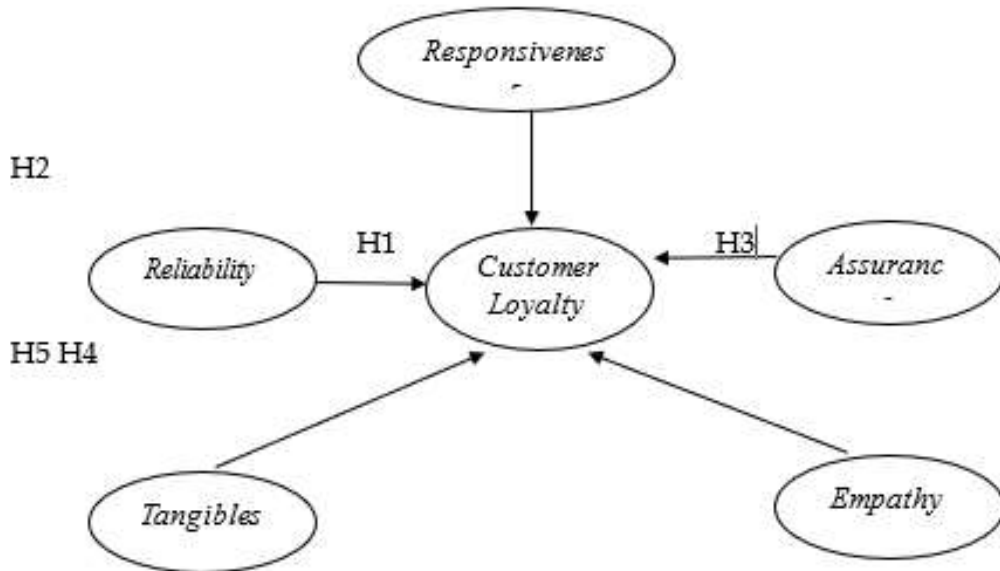
According to Parasuraman in Tjiptono (2008: 95) empathy means that the company understands its customers' problems and acts in the interests of customers, positively influencing the dimension of customer loyalty, namely continuing to choose the brand, recommending it to others and making repeat purchases.

5. The relationship of physical evidence (tangibles) to customer loyalty (customer loyalty)

According to Parasuraman in Tjiptono (2008: 95) tangibles relate

to the physical appearance of service facilities, equipment/equipment, human resources and company

communication materials, which are directly related to indicators of customer loyalty.



- H1 : Reliability influences customer loyalty
- H2 : Responsiveness influences customer loyalty
- H3 : Guarantees (insurance) influence customer loyalty (customer loyalty)
- H4 : Caring (empathy) influences customer loyalty (customer loyalty)
- H5 : Physical evidence (tangibles) influences customer loyalty (customer loyalty)

Research methodology

For the purposes of this research, the author needs to collect data. Related to this, the author created a data collection tool or research instrument in the form of a questionnaire. Questionnaires were distributed to Alfamart mini market customers while they were shopping. The rule used when distributing this questionnaire is that every customer has the same opportunity to be sampled. The author decided to get a sample of 180 people because he thought that a sample of that size would be able to describe the actual situation of the research population.

The data that has been obtained is then tabulated and scored. This stage is

the first stage before data processing is carried out. From tabulation In this article, the author gets a general overview of Alfamart customers. Followed by the scoring process using Likert rules with a five level scale. After the scoring process is complete, the next stage is to enter the score data into the statistical package program for social sciences version 26 or SPSS 26. This is done because the writing intends to observe the influence of the independent variables partially or together (simultaneously) on customer loyalty, to find out which variable is the most dominant, how much the independent variable contributes to the dependent variable and can also find

out the category of relationship between the two types of variables.

RESULTS AND DISCUSSION

From the tabulation that has been carried out, out of one hundred and eighty respondents it can be seen that as many as 125 people (69.4%) have private professions (traders, employees, laborers, housewives, private teachers/lecturers), 20 people (11.1%) are civil servants (state teachers/lecturers, ASN, TNI/POLRI), 10 people (5%) work as BUMN employees (PLN, PGN, PERTAMINA) and the remaining 35 people (19.4%) declare themselves to be freelance workers.).

Tabulated data also illustrates that the majority of respondents who are Alfamart customers are in the productive age category, namely between 25 and 56 years, 150 people (83.3%) and 30 people (16.7%) are in the non-productive category or still under the age of 20. The author also obtained data that 108 people who often shop at Alfamart are women (60%) and the rest are men, namely 72 people (40%).

Then from data processing it is obtained The results show that both partially and simultaneously (simultaneously), the independent variables (service quality dimensions) have a big influence on the dependent variable (customer loyalty). As stated in Table 1 and Table 2.

Table 1. Effect of Partial Independent Variables on the Dependent Variable

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,758	,198		3,820	,000		
	X1	,156	,068	,182	2,279	,024	,385	2,594
	X2	,174	,084	,183	2,069	,040	,316	3,167
	X3	,165	,079	,169	2,080	,039	,376	2,657
	X4	,174	,079	,187	2,212	,028	,346	2,886
	X5	,143	,071	,152	2,012	,046	,435	2,297

Table 2. Effect of Simultaneous Independent Variables on the Dependent Variable

Model		ANOVA ^a				
		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42,412	5	8,482	46,167	,000b
	Residual	31,970	174	,184		
	Total	74,382	179			

a. Dependent Variable: Y

b. Predictors: (Constant), X5, X3, X1, X4, X2

From Table 1 it can also be seen that the reliability variable is the variable that has the most dominant influence on customer loyalty. Then from table 3,

the author gets an overview of the contribution of the independent variable to the dependent variable as well as the relationship categories of

the two types of variables studied. It is stated in the table that the independent variable contributes to customer

loyalty by 75.5% and the relationship between the two types of variables is in the moderate or ordinary category.

Table 3. Amount of Contribution and Relationship Category Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,755a	,570	,558	,42864	1,941

a. Predictors: (Constant), X5, X3, X1, X4, X2

a. Dependent Variable:

A. The influence of the reliability variable with the customer loyalty variable

There is a real relationship between the reliability variable and the customer loyalty variable. This is shown by the calculated t test value, which is 2.279, while the t table value is 1.645 for an infinite number of respondents. Thus, it can be concluded that the reliability variable has a big influence on the customer loyalty variable

By providing appropriate and accurate promises, shoppers will feel satisfied, there will be interest in repeat shopping which will ultimately form customer loyalty to the store. All store employees have worked optimally and performed very well. In accordance with the statement of Kurniawan and Nikhlis (2020), Samsir (2020) stated that the better the reliability provided, the greater customer loyalty.

B. The influence of the variable responsiveness or responsiveness with the variable customer loyalty or customer loyalty

There is a real relationship between the responsiveness variable and the customer loyalty

variable. This is shown by the calculated t test value, which is 2.069, while the t table value is 1.645 for an infinite number of respondents. Thus, it can be concluded that the responsiveness variable has a big influence on the customer loyalty variable. By giving the best of their abilities, the shopper feels cared for which will create a sense of satisfaction, an interest in repeat shopping will arise which in the end can form customer loyalty to the shop.

C. The influence of the guarantee variable on the customer loyalty variable

There is a real relationship between the guarantee variable and the customer loyalty variable. This is shown by the calculated t test value, which is 2.080, while the t table value is 1.645 for an infinite number of respondents. Thus, it can be concluded that the guarantee variable has a big influence on the customer loyalty variable

With guarantees from all store employees, shoppers feel safe and comfortable when shopping. This feeling of security and comfort is a factor that can lead to a feeling of satisfaction, resulting in

interest in repeat shopping which in the end will make the shopper a loyal customer to the shop.

D. The influence of the caring or empathy variable with the customer loyalty variable

There is a real relationship between the caring or empathy variable and the customer loyalty variable. This is shown by the calculated t test value, which is 2.212, while the t table value is 1.645 for an infinite number of respondents. Thus, it can be concluded that the caring or empathy variable has a big influence on the customer loyalty variable

With the concern of all shop employees in serving the shopping process of shoppers, shoppers will feel satisfied because they are cared for and humanized, an interest in repeat shopping will arise which ultimately forms customer loyalty to the shop.

E. The influence of the physical evidence variable or tangibles with the customer loyalty variable

There is a real relationship between the physical evidence variable and the customer loyalty variable. This is shown by the calculated t test value, which is 2.012, while the t table value is 1.645 for an infinite number of respondents. Thus, it can be concluded that the variable physical evidence or tangibles has a big influence on the variable customer loyalty. Facilities and facilities including display case placement, product placement are

correct and good. This can help make the shopping process easier for shoppers. With this easy shopping process, shoppers will feel satisfied, increasing their interest in shopping again at the store which will ultimately become loyal customers. This also includes using attractive employee attributes.

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