

IMPACT OF SERVICE QUALITY, TRUST, AND CUSTOMER SATISFACTION ON CUSTOMER LOYALTY IN PT MEGA MANUNGGAL PROPERTY TBK

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ABSTRACT

In order to compete, survive, and grow the company is required to provide a good quality services to meet the needs and desires of its customers. Companies must be able to maintain a good reputation in the eyes of its customers. A good quality services will tend to give more satisfaction to the customers who use the services of the company. With emphasis on good service it will build a long-term profitable relationship with customers while also achieving customer loyalty. Therefore, this study is aiming to determine the importance of the impact of service quality, trust and customer satisfaction at PT Mega Manunggal Tbk Property in an effort to improve customer loyalty which will affect the company's survival. A questionnaire distribution method chosen in this study is to collect primary data. Completed questionnaires designed and distributed or disseminated to all customers. SPSS for windows has been used to process the primary data. The findings showed that there is a significant relationship between service quality and customer loyalty, meaning that if the quality of service increases, customer loyalty will also increase. There is a significant influence between customer trust and customer loyalty, meaning that if the customer trust increases, customer loyalty will also increase.

Keywords: Service Quality, Trust, Customer Satisfaction, Customer Loyalty

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1. Introduction

Indonesia's geographical condition which consist of more than 17,000 island bring challenges to the country in distributing goods. But, where there is a challenge, there is an opportunity. There are five major islands in Indonesia, which are Sumatera, Java, Kalimantan, Sulawesi, and Papua, with Java holds the position of the most populated island with more than 145 million people or 57% of total population (BPS, 2015). Logistic Property moves in rhyme with the fluctuations on general economic activities and the growth in Gross Domestic Product. In the year of 2016 the global economy was still at the same gear in 2015. The 2016 is also to be full of challenges due to uncertainties in global economies. These factors favor the growth of logistic property, which was also growing significantly during 2016. The demand for logistic property, workshop and warehouse during 2016 is expected to increase as a consequence of ASEAN Economic Community and government stimulus. For this research, the author will focus on PT. Mega Manunggal Property Tbk (MMLP). MMLP is a company that focus to supports industrial operation by providing well-built office buildings and modern logistics warehouses in Indonesia. MMLP was established on mid-2010. The company went public by listing in Indonesia Stock Exchange on June 2015.

In an effort to face intense competition with other logistic property company, the management of PT. MMLP needs to pay attention to the consumers' expectations and assessment of the performance of the company's service. It is needed in order to obtain information about factors - factors that can affect consumer expectations and what factors are not in accordance with the expectations of consumers so that a solution will soon be obtained to determine consumers' satisfaction and confidence level. While MMLP may only acquire warehouse on selective basis – those that meet our criteria of good location and accessibility, reasonable price, good tenants and of modern logistic warehouse specifications, these potential acquisitions will bring us ahead of our competitors, with the aim for greater scale and intended consequence of having pricing power in the future. The general problem that happens in most property companies has encouraged the researcher to do further research in this matter. The main objective of this research is to investigate the effects of service quality, trust and customer satisfaction on customer loyalty. Customer satisfaction has found to be an important mediator between perceived service quality and customer loyalty. If products or services do not meet customer's satisfaction, then all plans of the firm are in vain. Specifically, the need to identify the

level of managerial awareness and building good relationship with them is the most significant issue. Although numerous studies have established the impact of service quality, trust and customer satisfaction on customer loyalty. Based on the afore mentioned problems, the researchers are interested in doing the research titled "Impact of service quality, trust and customer satisfaction on customer loyalty in PT Mega Manunggal Tbk Property".

2. Literature Review

2.1 Marketing Overview

Today's many companies are trying hard to find new path to increase and maintain the existence of its company against their competitors in order to survive in the market. One of the key is having good marketing strategy such as improve advertising, new product development and how the companies approach the customers. Kotler and Keller (2012) "Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is "Meeting needs profitably". The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy.

2.2 Service Quality

The quality of a service is subjectively perceived by customers during the interactions with an company (Grönroos, 2000). Parasuraman *et al.* (1988) defined *service quality* as the consumers' judgment about an company's overall excellence or superiority. What happens and perceived by customers in the interaction process will obviously have critical impacts on customers' evaluation of service quality (Grönroos, 2000). Due to the peculiar attributes of service, the evaluation of service quality is more complex than evaluation of product quality. The famous measurement model of service quality is SERVQUAL developed by Parasuraman *et al.* (1988), who measured the differences between customer expectations and perceptions cross five determinants as follows: *tangibles, reliability, assurance, responsiveness, empathy*.

2.3 Trust

The important factor of trust is in affecting relationship commitment and customer loyalty. One party trust to another, such party is willing to develop a positive behavioral intention toward other party (Vuuren, 2012). According to Akbar (2009), trust is an important part in stable and collaborative business relationships. The existence of trust can be seen through a party confidence over the reliability and

integrity of their exchange partner. If one party trusts another party, it could create the willingness of a party to behave positively toward the second party.

2.4 Customer Satisfaction

Customer satisfaction is the customer's evaluation of the products or services received are in accordance with the needs and expectations of customers. Failure to reconcile the needs and expectations assumed as dissatisfaction with a product or service. Zeithaml et. al. (2003). Further it is said that customer satisfaction is influenced by the characteristics of specific products or services and the perception of quality. In addition, customer satisfaction is also influenced by the emotional response of customers and customer attributes. Meanwhile, according to Kotler and Keller defines satisfaction as "Satisfaction is a person's feelings of pleasure or disappointment of the comparison of the performance of the products or services received with expectations".

2.5 Customer loyalty

Loyalty is defined as a deep commitment to re-buy a preferred product or service consistently in the future which causing repetition of same brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Loyalty has also

been defined as an unspecified number of repeat purchases from the same suppliers over a specified period (Ishaq, 2011). Customer loyalty as a construct is comprised of both customer attitude and behaviors. Repurchase intention or purchasing additional product or services from the same company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor. The behavioral aspect of customer loyalty represents actual repeat purchase more and different product or services from the same company, recommending the company to others, reflecting a long term choice probability for the brand (Akbar, 2009).

3. Research Method

This research was implemented by analyzing the impact of service quality, trust, and customer satisfaction on customer loyalty in PT Mega Manunggal Property Tbk (MMLP). The first step selecting suitable research method and it is data collection method which is primary and secondary data. Primary data was collected through questionnaire distribution. The data was processed and analyzed afterwards. After that, the data will be interpreted and concluded. The last step of the research was compiled the findings into research report. This study used quantitative research. This research

was collected and convert data into numerical form so statistical calculations could be made and conclusions were drawn. Data was collected by various means following a strict procedure and prepared for statistical analysis. The research methodology use in this research is descriptive and quantitative research. Descriptive means that the research attempts to define characteristics of a sample and relationship between a certain event and situation which was observed by the reseacher. The researcher wanted to analayze the impact of service quality, trust, and customer satisfaction on customer loyalty in PT Mega Manunggal Property Tbk. The study is a quantitive research, which observes the current condition (September 2016 – February 2017) of PT Mega Manunggal Property Tbk. Quatitative research allowed the researcher to measure and analysis data. The advantage of using quantitive research was that the researcher could study the relationship between and independent and dependent variable detail. This advantage gives the opportunity to the researcher to think more objectively. The quantitative research is able to measure certain data using statistics that can be used to test hypothesis in experiments.

4. Result and Discussion

Table 1. Model Summary

Predictors: (Constant), Service Quality

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.190 ^a	.036	.027	5.913

This analysis from Table is used to find out how big the contribution which given by independent variables towards dependent variable in percentage, we could see that the R value is 0.190, R^2 value is 0.036 and the adjusted R^2 value is 0.027. We could conclude that there is 3.6% of Customer Loyalty is influenced by Service Quality, meanwhile the rest 96.4% is being affected by the other variables that is not tested in this test. The effect of the others variable might vary, relatively depending on the situation, on the product/ service provided and on the customer knowledge and experience.

Table 2. Model Summary

Predictors: (Constant), Trust

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.274 ^a	.075	.067	5.792

This analysis from Table is used to find out how big the contribution which given by independent variables towards dependent variable in percentage, we could see that the R value is 0.274, R^2 value is 0.075 and the adjusted R^2 value is 0.067. We could conclude that there is 7.5% of customer loyalty is influenced by trust, meanwhile

the rest 92.5% is being affected by the other variables that is not tested in this test. The effect of the others variable might vary, relatively depending on the situation, on the product or service provided and on the customer knowledge and experience.

Table 3. Model Summary

Predictors: (Constant), Customer Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 ^a	.290	.283	5.076

This analysis from Table is used to find out how big the contribution which given by independent variables towards dependent variable in percentage, we could see that the R value is 0.538, R^2 value is 0.290 and the adjusted R^2 value is 0.283. We could conclude that there is 29% of Customer Loyalty is influenced by Customer Satisfaction, meanwhile the rest 71% is being affected by the other variables that is not tested in this test. The effect of the others variable might vary, relatively depending on the situation, on the product/service provided and on the customer knowledge and experience.

First Hypothesis

H0: Service quality does not have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

H1: Service quality does have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

Service Quality has positive and significant impact on Customer Loyalty. In other words we could say that the H0 is rejected and H1 is accepted. This result indicates that the positive relationship between service quality on customer loyalty. In other words, Service Quality has a direct positive influence on the Customer Loyalty. This result is in line with Grönroos in 1990 as: “A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the company, which are provided as solutions to customer problems”. This definition implied that service is a process where interactions between customer and company most often exist. So with a frequent “good interaction” between customer and company, eventually it will increase the customer’s loyalty.

Second Hypothesis

H0: Trust does not have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

H1: Trust does have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

According to Multiple Regression test result in Table 4.12 we could also see that

Trust has positive and significant impact on Customer Loyalty. In other words we could say that the H0 is rejected and H1 is accepted. Trust obtain from a long process. If the trust has existed between the customer and the company, efforts to foster cooperative relationships will be easier. Trust can also be obtained by doing something best to another party in the course of a relationship. The trust level can be measured by several factors such as honesty, company responsibility to consumers and much more. Trust is if one of the parties have confidence in their reliability and integrity as a partner. The existence of trust was more satisfying to consumers to engage in a long-term relationships (Gronroos, 1990).

Third Hypothesis

H0: Customer satisfaction does not have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

H1: Customer satisfaction does have relationship on customer loyalty in PT Mega Manunggal Property Tbk (MMLP).

According to Multiple Regression test result in Table 4.13 we could also see that Customer Satisfaction has positive and significant impact on Customer Loyalty, we could say that the H0 is rejected and H1 is accepted. One of the factors that affect customer satisfaction is the customer's

perception of the quality of service. And customer satisfaction, in addition influenced by the quality of service, is also determined by value, price and other factors that are personal and situational. Satisfaction or dissatisfaction of customers is customer's response to incompatibility evaluation or disconfirmation perceived between the expectations (or other work norm) and the actual performance of the product that is experienced after use. (Tjiptono, 2004).

5. Conclusion

The results of this study indicate that the variable quality of service consisting of five indicators of physical evidence (tangible), reliability, responsiveness, assurance, and Empathy significantly affects customer loyalty. Physical facilities, support facilities and employees' service will greatly affect the comfort and customer satisfaction. Customers will be satisfied if the services meet customer expectations. A good quality services will attract consumers to use the services of the company and also can retain existing customers so that profits can always be obtained by the company. It can be concluded that the presence of good quality services can create satisfied customers who use the services and great hopes of influencing customers become loyal to the company. The results of this

study indicate that the satisfaction variable which is the performance expected by customers has a significant effect on customer loyalty. The satisfaction that experienced by the customer will create returning customers that will use the services in the future and can become a loyal customer. The consistency of the quality of a service can provide long-term profitability of companies which in turn can create a positive perception of the customers towards the company and resulted in a satisfaction. Satisfaction has a positive and significant impact on customer loyalty. It can be concluded that customers who have been satisfied with the service of the company will feel attracted to reuse these services in the future and hopefully will become a loyal customer.

The results of this study showed that the trust variables have a significant effect on customer loyalty. Customers' confidence towards the competence (perceived competence), fairness and honesty (perceived fairness) of the company can retain the customer in the future. The trust has a positive and significant impact on customer loyalty. It can be concluded that customers can be loyal when there is belief in the outstanding service.

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