

The Influence of Service Quality and Price Towards The Customer Loyalty in Jinjja Chicken Medan

Gracia

Management Study Program, Universitas Pelita Harapan Medan Campus

ABSTRACT: The culinary business is now rising year after year. Customers are vital to a company's survival and growth. Good service and reasonable prices will also impact customers' opinions and urge them to return. Loyal customers will boost sales and growth. This study looked at two independent factors and one dependent variable. This study will examine Jinjja Chicken, a trendy Korean restaurant in Medan, and its customers. Customers of Jinjja Chicken Medan were surveyed online. Responses are collected through purposive sampling and analysed using SPSS V.25. The test revealed that customer loyalty in Jinjja Chicken Medan is influenced by service quality and price.

Keywords: *customer loyalty, price, service quality*

Submitted: 12 January 2022; Revised: 17 January; Accepted: 26 January

Corresponding Author: gg80008@student.uph.edu

INTRODUCTION

Culinary activities or known also as eating is the essential daily activities for human to provide nutrients and energy, this is also a great reason and opportunity to start a business. But in this era of globalization, most business industries had to face many changes and challenges in terms of environmental trends, technological, and marketing concepts with many new competitors that can produce upcoming fresh ideas to grasp customers' attention. One of the most significant changes mostly are in the technological advancement that triggered the changes in nowadays purchasing lifestyle. Specifically for the food and beverage industry business, there are parts where they are similar to the fashion industry in terms of the food and beverage trends.

According to data reported by Badan Pusat Statistik (2020), there are significant increase by 0.22 percent in the food and beverage industry in the year 2020. The data indicates that the competition in the culinary industry is very tight and the customers' demands also become higher and varies. Just like every other business industry, the food and beverage industry are always required to be able to adapt with the complex changes on the surrounding environment, from that it can gain the stability and competitiveness advantage in the market. Understanding the customers' demand and prioritizing customers has always been and will always be one of the reasons in determining the business concepts, future achievement, and development. The reason for that is because from customers, there will have the exchange activities which requires the customers to pay for what they consume. From that, the business can generate more profit to be use for paying operational activities and business development.

There are many factors that can encourage the customers to be loyal customers, but service quality and price hold the major part, from the part of building the business operational strategy and concept. In the food and beverage industry providing the best performance in service and price that compatible will create a sense of attachment and encourage customers to repeat order again in the future. In fact, offering an excellent service quality has been one of the most challenging parts, because service quality is abstract, not like product quality. But do not forget the importance of price, as it is part of the important keys in the marketing mix. From service quality and price, it can help to boost the positive value from customers that lead to the increase of customer loyalty.

Jinjja Chicken is a Korean Chain restaurant that has established since 2014 in Singapore, and in the recent years are able to expand their first branch in Medan on the year 2019 located at Jalan Cut Mutia No.1, Medan, North Sumatra, and the second branch in Medan on the year 2021 located at the Centre Point Mall. Jinjja Chicken Medan is a Singaporean fast urban restaurant that adapting Korean food cultures and has been certified as a halal restaurant.

Based on the interviews conducted by the writer with the Jinjja Chicken manager, the manager stated that Jinjja Chicken sales performances are mostly derived from the customer loyalty. The sales have decreased since the pandemic invaded Indonesia which is around 2020 March, and the manager also mentioned that the only way to maintain the business is to managed well the service quality and giving price cut. However, if Jinjja Chicken consecutively give a cheaper price, will they be able to cover the overall expenses.

With the help of globalization, people have put more interest in experiencing other cultures and foods. This can be one of the advantages or selling points of Jinjja Chicken by providing a good quality of service and appropriate price. Based on the discussions above, the writers find out that Jinjja Chicken has not been able to maintain or increase the loyal customer with the cultural advantage they have. To push the customer loyalty, Jinjja Chicken has to maintain the stability of the service quality and selling price effectively and efficiently to be able to engaged more and maintain good relations with customers during the pandemic situation.

Based on the description above, this study is conducted to investigate about the problems service quality and price influencing the customer loyalty in Jinjja Chicken Medan. In addition, this study will provide focus and more insights in relation to optimize the marketing strategies and help to improve the overall performances of Jinjja Chicken Medan and will become the reference in future for other researchers or companies.

THEORETICAL REVIEW

Service Quality

According to Kotler and Keller (2016), the terms quality is the performance that has been set to fulfil the standard of market's demands and requirements, while service is an activity performed to completed the task given. Service quality refers to the business owners' or sellers' capabilities to provide and perform a goof quality of services based on the indicators that consists of reliability, assurance, responsiveness, empathy, and tangible to achieved customers' demands. (N. Ramya, 2019)

According to N. Ramya (2019), there are 5 types of indicators to measure the service quality, but in this research the writer is going to combine 2 indicators which will give 4 indicators to measure, as the questionnaire will be similar which as bellow:

1. Reliability and Assurance

The employees' ability to create and foster the feeling of security and trust from the customers to the company by giving service efficiently according to the customers' requirement right the first times of cooperation, in terms of the customer expectations without mistakes, according to time requirement, and accurately.

2. Responsiveness

The employees' skills and knowledge in assisting and delivering a quick and efficient working style to fulfil customers' demand and expectation.

3. Empathy

The restaurant cares for each customer individually by trying to understand and accept the feedback and analyse customers' behaviour to be able to maximize personal or individualized attention without decreasing the quality of service.

4. Tangible

The physical facilities offered and provided by the restaurant are the tangible evidence of the service. The physical facilities can be the appearance or ambience of the restaurant, employees, equipment and supplies required to support the service process, etc.

Price

According to Armstrong et al. (2018), price is the tools used to measure the value of goods or services and traded with money in order to possessed or gain the ownership of the traded goods or services. Price is considered as one of the marketing mix critical role in determining the future achievement of business, because from price it can determines the gained or loss in profit.(Tjiptono, 2016)

Kotler et al. (2016) stated four indicators of price which are as follows:

1. Affordability of Price

This affordability involved the customer ability or purchasing power to specific product or service, whether it is within the customer budget or not.

2. Price Competitiveness

Price competitiveness is the difference of the product or services price from the competitors within the market.

3. Price Compatibility with Benefit

Customer often ponders they benefit they got whether match with the price they paid for.

4. Price Compatibility with Quality

Customer often ponders whether product or service quality gained from the purchase is worth with the price they paid for.

Customer Loyalty

According to Griffin (2016: 31), customer loyalty is defined as the long-term customers that hold the dedication and attachment with the specific brands or companies. Customer loyalty can be measured through the consistent activities in repeat purchase, buying product or services between lines, referring product or services to others, and immune to others sellers.

According to Griffin (2016: 31), customer loyalty can be determined based on the customer behaviour as bellows:

1. Repeat Order

A customer will be classified as loyal if they continuously made transaction on a regular basis with specific product or services from the brand, company, or restaurant.

2. Buying Products and Services Between Lines

A loyal customers will be very interested in the specific brand, company, or restaurant as a whole, which mean customers will be very updated and interested to try other new services or products offered by the brand, company, or restaurant.

3. Refers to Other

A loyal customer will develop stronger connection with the favorite product or services and want to share a review about their positive experience within their community. Through customers word of mouth activities, it will improve the brand, company, or restaurant reputation and sales.

4. Show Immunity to Competitors

Loyal customers are only attracted in the brand, company, or restaurant they favor on, instead of other substitutes or competitors, as the specific restaurant is able to maintain the positive experience repeatedly to them.

Service Quality to Customer Loyalty

According to Janice (2020) research, shows that if service quality provided to customers are getting better, it will significantly and directly give a positive influence to the customer loyalty by the coefficient linear regression 0.470 and T-Test result $T_{count} > T_{table}$ ($5.552 > 1.993$). According to Tiong (2018) research using the quantitative analysis and multiple linear regression approach on the topic discussing "Effect of Quality of Service to Customer Loyalty PT. Primagum Sejati In Makassar" also proved that service quality has significant and positive effect towards the customer loyalty with the indicators that consists of physical evidence, reliability, responsiveness, assurance, and empathy.

H₁: Service quality has significant and positive influence towards the customer loyalty.

Price to Customer Loyalty

According to Wantara & Tambrin, (2019) research, the variable price does have influence to customer loyalty with the hypothesis proved the significance value 0.002 less than 0.05 and the value of standardized estimate of price also shows positive influence by 0.190 to the customer loyalty. Meanwhile, according to Saputri, R. S. D. (2019), it shows that price have a bigger influence towards the customer loyalty by 65.9 percent.

H₂: Price has significant and positive influence towards the customer loyalty.

Service Quality and Price to Customer Loyalty

According to Saputri, R.S.D (2019) research, discussing the topic about service quality and price towards the customer loyalty, from the research shows that both of the independent variables which are service quality (X1) and price (X2) simultaneously have significant influence to the customer loyalty from the significant value less than 0.05.

H₃: Service quality and price simultaneously have significant and positive influence towards the customer loyalty.

Based on the discussion, the research model and hypothesis that will be applied for in the research will be proposed as follow:

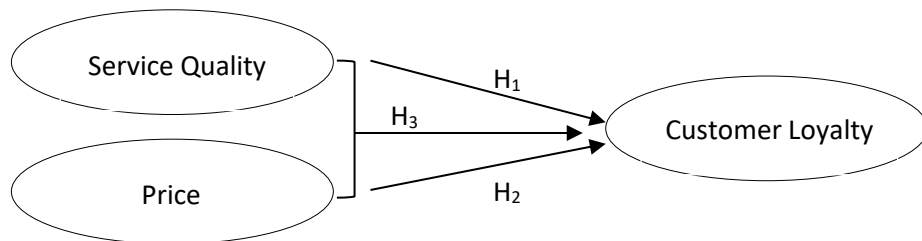


Figure 1. Conceptual Framework

METHODOLOGY

The population for this research is the customers of Jinjja Chicken Medan and do not have a definite number or unknown, hence to calculate the sample number using the lemeshow formula as bellow:

$$n = \frac{Z\alpha^2 \times P \times Q}{d^2}$$

Where:

n = sample size

$Z\alpha$ = standard z score for normal at 95% confidence = 1.96

P = maximum estimate = 0.5

Q = 1 - P

d = alpha (0.10) or sampling error = 10%

The sample size calculated as below:

$$n = \frac{1.96^2 \times 0.5 \times (1 - 0.5)}{0.1^2} = 96.04$$

Thus, from the calculation above with the result 96.04, it can be concluded the amount of sample needed to be gathered for this research will be 96. The sampling technique will be using the non-probability purposive sampling technique.

The data used in this research are from the primary and secondary data. The primary data according to Ghozali (2018) is data that will be collected directly from the questionnaire distributed to the respondents in order to gather more reliable data and interview with the business operator. Likert Scale is used for scoring the questionnaire data in the research. For the secondary data according to Sugiyono (2017), is an information gathered from past research from others in forms of book and literature that is related to this research topic. Due to Covid-19, the process of gathering the data mostly will be done through online platforms to support the Covid-19 health protocol, by utilizing Google Forms, messenger application with the business operators. All the calculation in this research will be carried out with the SPSS application.

In this research, there are several steps of test required to be done in order to prove the validity of this research. First step is the research instrument test that consists of validity and reliability test before continuing to the next step. After passing the first research instrument test, the research will be able to gathered total 96 respondents. From that total 96 data of respondents, it will be calculated and analyse using the classical assumption test that consists of normality, heteroscedasticity, linearity, and multicollinearity test.

Each variable in this study has 4 indicators with total questions per variable is equivalent to 8 or 9, thus there are 26 questions to measure the variable of study. There are two different types of variables used, which are service quality (X_1) and price (X_2) as the independent variable and customer loyalty (Y) as the dependent variable. To find out the influence from the service quality and price as independent variables towards the customer loyalty as dependent variable, multiple linear regression is used with the equation as follow:

$$Y = a + b_1X_1 + b_2X_2$$

Where:

Y = Dependent Variable (Customer Loyalty)

a = Constant

b = Regression Coefficient

X = Independent Variables (Service Quality, Price)

Determination test will be applied in this research to measure how strong the influence of the independent variables.

$$D = R^2 \times 100\%$$

Where:

D = Determination

r = coefficient correlation

To prove the hypothesis, F-Test and T-Test will be used to measure the significance of the hypothesis. F-Test is conducted to determine whether there are two or more variables that have simultaneous relation and significantly influencing the dependent variables. The result and criteria based on the terms of F_{Count} with F_{table} as follows:

1. If $F_{Count} > F_{table}$ or Sig. < 0.05 then, H0 rejected and Ha accepted
2. If $F_{Count} < F_{table}$ or Sig. > 0.05 then, H0 accepted and Ha rejected

T-Test is conducted to prove whether there is relation between the independent variables partially towards the dependent variable. The result will be concluded if the hypothetical formula following bellow criteria:

1. If $T_{Count} > T_{table}$ or Sig. < 0.05 then, H0 rejected and Ha accepted
2. If $T_{Count} < T_{table}$ or Sig. > 0.05 then, H0 accepted and Ha rejected

RESULTS

Research Instrument Test

To pass the research instrument test, the result for both validity and reliability test need to meet the requirement scoring to score that the data is eligible for to continue to the next step of research. According to Ghazali (2018), the requirement to pass the validity test with rcount are greater than the rtable (0.361), this means the data is fit to measure the variables, meanwhile for the reliability test criteria is for the Cronbach's Alpha to be greater than 0.6. The result of validity test was all greater than 0.361 and with the Cronbach's Alpha are 0.8, this shows that the data pass the validity test and fit to be measured, also for the reliability test pass showing the data is reliable and consistent to be measured.

Classical Assumption Test

Using SPSS application to run the data, the data from total 96 respondents are able to pass the classical assumption test. For the normality test shows the data is normally distributed with the result of significance value 0.142 that is greater than 0.05.

The heteroscedasticity test results indicate the data have no heteroscedasticity symptoms from both of the significance value 0.805 and 0.704 are greater than 0.05.

The linearity test is conducted to find out whether both of the independent and dependent variable has linear relationship or not. Through SPSS result, both service quality to customer loyalty and price to customer loyalty do have linear relationship with significance value for linearity < 0.05 and significance value of deviation > 0.05.

Multicollinearity test result indicates that the 96 data used for the research regression model are appropriate and free from multicollinearity problem with the result from the tolerance value greater than 0.1 with the value 0.511 and VIF value less than 10.

Multiple Linear Regression Test

Multiple Linear Regression Test is conducted to find out the influence of several independent variables towards one dependent variable.

Table 1. Multiple Linear Regression Test

		Coefficients ^a					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	2.812	3.020		.931	.354		
	Service Quality	.532	.108	.471	4.930	.000	.511	1.956
	Price	.428	.119	.344	3.599	.001	.511	1.956

a. Dependent Variable: Customer Loyalty
 Source: Data Analyzed (SPSS 25th Version, 2021)

Coefficient Determination Test

Table 2. Multiple Linear Regression Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752a	.566	.557	3.495

a. Predictors: (Constant), Price, Service Quality

b. Dependent Variable: Customer Loyalty

Source: Data Analyzed (SPSS 25th Version, 2021)

From table 2, the value of coefficient determination is 0.566 or 56.6%, which shows that both of the independent variables (service quality and price) simultaneously have the power to described the significant influence towards the customer loyalty of Jinjja Chicken with the score 56.6%. While the other 43.4% is influenced by other factors of variables that are not included in this research model discussion.

Hypothesis F-Test

Table 3. F-Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1482.695	2	741.347	60.695	.000 ^b
	Residual	1135.930	93	12.214		
	Total	2618.625	95			

a. Dependent Variable: Customer Loyalty (Y)

b. Predictors: (Constant), Price (X2), Service Quality (X1)

Source: Data Analyzed (SPSS 25th Version, 2021)

Based on the table 3 above, it can be inferred that the Fcount for this research model is 60.695, the Ftable $df1 = 2$ and $df2 = 96 - 2 = 94$ is 3.09 (significant level 0.05). From the calculation, the Fcount > Ftable (60.695 > 3.09) with the significance value $0.000 < 0.05$, thus according to the statistical result it can be concluded that service quality and price simultaneously do have significant influence towards the customer loyalty.

Hypothesis T-Test

Table 4. T-Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2.812	3.020		.931	.354
	Service Quality	.532	.108	.471	4.930	.000
	Price	.428	.119	.344	3.599	.001

a. Dependent Variable: Customer Loyalty
Source: Data Analyzed (SPSS 25th Version, 2021)

According to table 4, the explanation for T-Test will be elaborated bellow:

1. The service quality variable has 4.930 as the T_{count} greater than the T_{table} (1.986) with 5% of significance level at 5% (0.05). So, the H_a for T-Test is accepted and H_o is rejected.
2. The price variable has 3.599 as the T_{count} greater than the T_{table} (1.986) with 5% of significance level at 5% (0.05). So, the H_a for T-Test is accepted and H_o is rejected.

DISCUSSION

From the test, it shows that the research model does have multiple linear regression applied with the equation $Y = 2.812 + 0.532 X_1 + 0.428 X_2$. Through the equation, it can be further described that 2.812 is the constant or customer loyalty value if both of the service quality and price equal to zero. Moreover, every increase in service quality by one unit, the customer loyalty will be multiplied 0.532. Vice versa for price, if the price increase by one unit, the customer loyalty will also be multiplied 0.428.

Based on the results derived from the SPSS application, the writer is able to imply for the F-Test that the H_a is accepted and H_o rejected, which indicates both of the independent variables simultaneously have significant influence to the dependent variable. It can be seen from the result of significance value ($0.00 < 0.05$), and $F_{count} > F_{table}$ ($60.695 > 3.09$).

For the T-Test, both hypothesis for the partial test of service quality and price are accepted and H_o rejected. This means, the service quality (X_1) directly has influence to the customer loyalty (Y) in Jinjja Chicken Medan. Besides that, price (X_2) also directly has influence to the dependent variable, customer loyalty in Jinjja Chicken Medan.

The T-Test for service quality was in accordance with the previous research done by Janice (2020) with the objective to understand and analyze the service quality value to customer loyalty at Ola Kisat Restaurant Medan. From the T-Test result shows that service quality has a significant and positive influence on customer loyalty with the value $T_{count} > T_{table}$ ($5.552 > 1.9935$).

Besides that, price T-Test was also aligned with the previous research conducted by Wantara & Tambrin (2019) with the independent variables price and product quality towards the dependent variables, customer satisfaction and customer loyalty. The T-Test for price towards customer loyalty shows a significant and positive effect towards customer loyalty with the value of standardized estimate price of 0.19 and probability value 0.002.

This research result for F-Test was also in accordance with previous research conducted by Nasution (2017) with the differences of customer satisfaction as the mediation variable, the F-Test results found out that price, service quality, and customer satisfaction simultaneously have a positive and significant influence on customer loyalty.

CONCLUSIONS

Through the SPSS calculation, the writer is able to analyse and conclude that all of the hypothesis made in this research model are accepted. The first independent variable, service quality (X1) has positive and significant influence to the dependent variable, customer loyalty (Y). The second hypothesis, price as (X2) as the second independent variable also show a positive and significant influence to the dependent variable, customer loyalty (Y). Meanwhile, for the last hypothesis also shows that both of the independent variables, service quality (X1) and price (X2) simultaneously have significant influence to affect the customer loyalty (Y) positively.

RECOMMENDATIONS

From the research study conducted and concluded, the writer would like to give suggestion:

1. Based on the research results, the writer advised for Jinjja Chicken to continue looking for a method to improve and maintaining the service quality based on the standard measured by the indicators. Improving and maintaining an excellent quality of service will attract customers' attention and increase the positive value for customers. Aside from that, it is also suggested to look and improve on other aspects that could build a positive experience in the service quality and able to attract customers' attention and increase the value for customers.

2. Through this research results, it can be concluded that to provide an effective and efficient working style, the recommendation given by the author is to provide a training class and motivation for the Jinjja Chicken's employees. A well trained and motivated employees will give a better work performance and can help to minimize the operational error and overall expenses to offer a more affordable price for customers. Hereinafter, Jinjja Chicken's will have a more positive value for customers to turn into loyal customers.
3. The research about "The Influence of Service Quality and Price towards Trendy Chain Restaurant (Jinjja Chicken Medan)" as mostly discussing the topic related to the topic service quality, price, and customer loyalty. For future research can be added new variables that could affect the customer loyalty, as mentioned through the coefficient determination there are 43.7% possibility of other factors that could influence the customer loyalty.

REFERENCES

- Amiruddin, N. H. (2013). Price, Service Quality And Customer Loyalty: A Case Of Air Asia. *South East Asia Journal of Contemporary Business, Economics and Law*, Vol. 2, Issue 1, June, pp. 36-37.
- Badan Pusat Statistik. (2020). Catalog : 1101001. *Statistik Indonesia 2020*, 1101001, 790.
<https://www.bps.go.id/publication/2020/04/29/e9011b3155d45d70823c141f/statistik-indonesia-2020.html>
- Cecilia, I. (2020). The influence of price toward customers purchase decision at 4 Fingers Sun Plaza Medan. *Grammar of the Syriac Language*, 4-244.
<https://doi.org/10.31826/9781463228545-001>
- Ghozali, H. (2018). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25* (Edisi 9). Universitas Diponegoro.
- Griffin, J. (2016). *Customer Loyalty* (Erlangga (ed.)). 979-741-762-X
- Janice, J. (2020). *The importance of service quality towards customer loyalty at Ola Kisat Restaurant Medan*. <http://repository.uph.edu/id/eprint/10460>
- Kotler, P., & Armstrong, G. (2018). *Kotler & Armstrong, Principles of Marketing* | Pearson. In *Pearson Education*.
- Kotler, P. (2016). *Marketing Management 15 Global Edition* (15th ed.). Pearson Education, Inc. © 2016.
- N. Ramya, et al. (2019). *SERVICE QUALITY AND ITS DIMENSIONS*. 4(2).
https://www.researchgate.net/publication/333058377_SERVICE_QUALITY_AND_ITS_DIMENSIONS
- Nasution, S. (2017). The Effect of Price and Service Quality on Customer Satisfaction and Loyalty Customer Waroeng Steak and Shake Medan. *Jurnal Perkeretaapian Indonesia*, 1(2), 127-138.
<https://doi.org/10.37367/jpi.v1i2.39>

- Saputri, R. S. D. (2019). Pengaruh Kualitas Pelayanan dan Harga terhadap Loyalitas Pelanggan Grab Semarang. *Journal of Strategic Communication*, 10(1), 156. <https://doi.org/https://doi.org/10.35814/coverage.v10i1.1232>
- Sugiyono. (2017). *Metode Penelitian Bisnis - Pendekatan Kuantitatif, Kualitatif, Kombinasi, dan R&D* (Edisi Ke-3). ALFABETA, CV.
- Tiong, P. (2018). Pengaruh Kualitas Pelayanan Terhadap Loyalitas Pelanggan Pt. Primagum Sejati Di Makassar. *Jurnal STIEAMKOP*, Vol.1(No.2), 176–204.
- Tjiptono, F. (2016). *Pemasaran - Esensi & Aplikasi*. ANDI.
- Wantara, P., & Tambrin, M. (2019). ITHJ International Tourism and Hospitality Journal The Effect of Price and Product Quality Towards Customer Satisfaction and Customer Loyalty on Madura Batik. *International Tourism and Hospitality Journal*, 2(1), 1–9.
<https://rpajournals.com/ithj>;<https://rpajournals.com/ithj>