THE ROLE OF SERVICE QUALITY AND TRUST ON CONSUMER LOYALTY AT PT. HENSON ALFA GROS PEKANBARU

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Abstract

Consumer loyalty is very important for a company, because the rewards of loyalty are long-term and cumulative, which means that the longer the consumer loyalty the greater the profit that can be obtained by the company from a consumer. The purpose of this study was to determine the effect of Service Quality and Trust on Consumer Loyalty at PT. Henson Alfa Gros Pekanbaru. The population in this study were all consumers of PT. Henson Alfa Gros is on Pekanbaru and has made transactions more than 2 times. The number of respondents in this study was 100 businesses. The data collection technique that was used is the questionnaire method. Questionnaire is a way of collecting data through a list of questions that the author has prepared aimed at respondents who will be sampled, while for data analysis techniques using multiple linear regression analysis, F-test, t-test and coefficient of determination. The results of the study show that Trust has an effect on Consumer Loyalty and Service Quality has no effect on Consumer Loyalty at PT. Henson Alfa Gros Pekanbaru.

Keywords: Service Quality, Trust, Customer Loyalty

1.0 INTRODUCTION

Loyalty is a decision by a consumer to voluntarily patronise a company for a long time (Cristopher and Lauren, 2005). Customer loyalty is important for a company as it provides longevity in making profit for the company (Griffin,2002). Furthermore, consumer loyalty represents consumer behaviour such as repeat order from the same company, the willingness to recommend the company, and to reject other competitors.

The consumer goods sector in Pekanbaru experience its ups and downs but the market share for this sector is always open and sustainable. Consumer goods has become the staple of the population in Pekanbaru, this means that the potential in the consumer goods sector is huge. One of the companies that distribute consumer goods in Pekanbaru is PT. Henson Alfa Gros, one of their distribution rights comes from PT. Orang Tua which produces Tango Wafer, Formula Toothpaste, Teh Gelas, You-C 100 and others.

One of the strategies that is utilised by a company is additional service such as delivery within Pekanbaru. Other than that, there is packaging service for those that reside outside Pekanbaru, which the mode of transport is ship. The performance of sales of PT. Henson Alfa Gros can be seen in the following table:

Table 1. Sales Data of PT. Henson Alfa Gros Pekanbaru for the Period from 2014 to 2018

Year	Target	Result	Percentage
2014	14.900.000.000	15.156.000.000	101,71%
2015	15.600.000.000	14.921.000.000	95,60%
2016	15.900.000.000	16.275.000.000	102,35%

| 2017 | 16.100.000.000 | 16.382.717.000 | 101,75% |
| 2018 | 16.300.000.000 | 14.886.000.000 | 91,32% |

Source: 2019 Processed Data

According to the table above, the sales in 2014 exceeded the target by 1.71 %, however in 2015, the company did not achieve its target which fall short by 4.40%. In 2016 and 2017, the company was optimistic of achieving their target beyond that of 2015, but in 2018, the company fall short of its target again by 8.68%. This points to an issue in sales which may have resulted from low consumer loyalty.

According to strategic marketing research, sales growth is a main indicator of sales performance. The increase in the sales of PT. Henson Alfa Gros indicates a good marketing performance which have a positive impact on the sustainability of the company. According to Table 1, 2018 was the year when the largest shortfall of sales happened, this decrease may continue to happen if PT. Henson Alfa Gros does not take strategic steps to anticipate this. PT. Henson Alfa Gros have to increase its marketing performance in order to increase its profit in the future. This will require PT. Henson Alfa Gros to understand the factors affecting growth of sales and improve upon it to increase consumer loyalty.

Service quality is the characteristic of goods or services that show the company ability to fulfil the needs of the customers regardless of its tangibility (Kotler, 2009). The service quality can be measured by how effective the company in closing the gap between the expected service and the given service.

Most customers expect good customer service on the product they purchase. The company must take note of their service quality and give a good one to the customer so that it can differentiate itself from its competitors. Result of research done by Santoso (2013) shows that service quality has an impact on the customer loyalty.

Another aspect that is also important to the loyalty of consumer is trust which is reinforced by experts' opinion which state that trust is important in building and maintaining long term relationship. Result of research done by Seogoto (2013) shows that trust have an impact on customer loyalty. The more trust consumers have on a product, their loyalty will also be high.

The aim of the research are as follows: (1) to analyse the direct relationship of service quality on the consumer loyalty (2) to analyse the direct relationship of trust on the loyalty of consumer.

LITERATURE REVIEWs

Service Quality

Service quality is the characteristic of goods or services that show the company ability to fulfil the needs of the customers regardless of its tangibility (Kotler, 2009). The service quality can be measured by how effective the company in closing the gap between the expected service and the given service.

Tjiptono et.al. (2008) state that the service quality shows the comparison between the expected service quality and the service quality delivered to consumer. Service quality is achieved through the fulfilment of needs of the consumer and the way that it is being delivered to meet or exceed the customer expectation. There are three standards of customer expectations:

Service Quality Indicators:

According to Parasuraman (2005) there are 5 indicators of service quality: (1) Tangibles which is the ability of a company to show their existence to external party. (2) Reliability, which is the ability of the company to deliver service quality promised as accurately as possible. (3) Responsiveness, which is the accurate delivery of a responsive service to customers with clear information. (4) Assurance, which is knowledge, politeness, and ability to instil trust in the consumer.

Consumer Trust

Morgan dan Hunt in (Akbar dan Parvez,2009) stated that trust exist only when one party has confidence in an exchange partner's reliability and integrity.

Barnes (2003) stated that trust is the faith that a person will find what he/she wants in another person and not what he/she fears. Trust involves the willingness of a person to behave in a certain way because he/she have faith that his/her partner will give him/her the satisfaction that he/she needs.

Consumer Trust Indicator

According to Mayer et. al. (2010) there are 3 indicators of consumer trust: (1) Ability which points to competency and characteristics of an organisation in influencing and mastering a specific area. (2) Benevolence is the willingness of the seller in giving satisfaction that is mutually benefiting to the consumer. (3) Integrity is the behaviour of the seller in running his/her business and whether the information given to consumer is true according to fact.

Consumer Loyalty

Loyalty is a psychological condition (attitudinal and behaviourial) that is related to the attitude towards a product, the consumer will form his/her faith in the product, decide whether he/she likes it and finally decide to buy the product. The higher the customer's willingness to buy again from the seller and to recommend seller indicates a good future for the company. Therefore this behavioural dimension is a good indication to measure customer loyalty (Hasan, 2013).

Customer Loyalty Indicator

According to Hidayat (2009) there are 5 indicators of customer loyalty: (1) Trust is the response of the trust of consumer towards the market. (2) Emotion commitment is a psychological commitment towards the market. (3) Switching cost is the response of consumer regarding the burden he/she receives as a result of changes. (4) Word of mouth is the publicity that is done by the consumer on the market. (5) Cooperation is the consumer behaviour that shows the attitude of cooperating with the market.

Framework

Consumer loyalty is important for a company as it will lead to higher profitability of a company (Griffin,2002). Other than that customer loyalty will bring a positive impact on the longevity of the profitability. The indicators of Consumer Loyalty are consistent buying, consumers are not affected and move to competitors products and consumer recommending products of a company to others (Tjiptono, 2000)

Service quality is the main factor that affect customer loyalty. Customer who are satisfied are more likely to be loyal to the company. Bad service quality or declining service quality contribute to the lack of loyalty to the company. Research done by Hygid Starini (2013) stated that the service quality has a positive and significant impact on customer loyalty.

Trust is an important factor in customer loyalty (Corbitt dkk,2003). Furthermore, trust is also the basis to build and maintain long term relationship (Rousseau et. al. in Akbar and Parvez,2009).

According to the above description, a framework can be made that service quality and consumer trust, can have a direct or indirect impact on the consumer loyalty. The following is the diagram illustrating the framework:
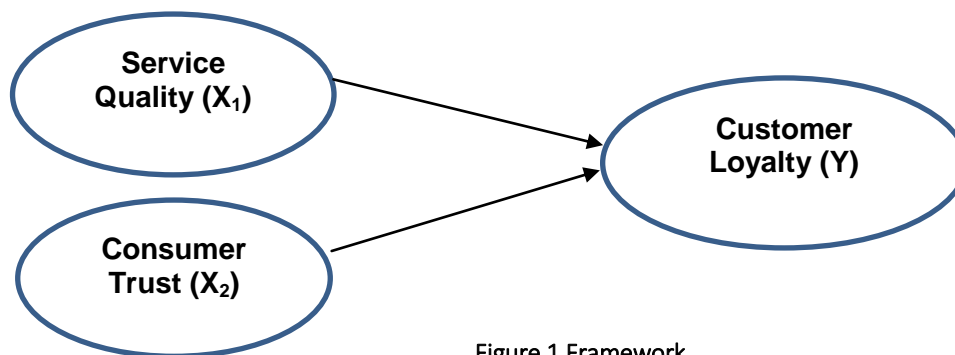

Figure 1 Framework

Hypothesis

Based on the literature reviews which are based on the theory and prior studies, the following hypothesis can be presented: (1) Service quality has a positive and significant impact on the customer loyalty. (2) Customer trust has a positive and significant impact on the customer loyalty.

2.0 METHODOLOGY

Place and Time of Research

The research is done on PT. Henson Alfa Gros Jl. Melati no 23 A-C, Pekanbaru and done between the period of January to June 2019.

Population and Sample

According to Sugiyono (2015), population is an area of generalisation that consists of subject/object that has a certain characteristic and quality that is determined by the researcher which will be studied, and conclusion will be drawn. The population in this study is all the consumer of the Orang Tua Group of PT. Henson Alfa Gros which the exact number is not known by the researcher.

Samples are group of objects, people or items that are taken from a population which should represent the population in the research. The sampling in this research was based upon the opinion from Roscoe from the book Reaserch Methods for Business (1992) in sugiyono (2009) which stated that: (1) Minimum sample size is 30 up to 500. (2) If samples are categorised, each category must have a minimum of 30 samples. (3) If the research uses multivariate analysis such as correlation and multiple regression, the number of samples must be 10 times the number of the variable to be researched (independent and dependent variable).

Since there are 3 variables to be researched which are made up of 2 independent variables and 1 dependent variable, therefore, the number of samples that will be used in this research is 10 × 3 = 30 respondents, but for the purpose of maximising the result of this research, the researchers used 100 samples.

Operational Definition of Research Variables

Operational definition of research variables is the specification of the research variable that has a concrete relationship to the reality to be measured and it is a manifestation of things that are going to be observed and will be open to be tested again by other researcher.

This research consists of independent variables that are Service Quality (X1) and Consumer Trust (X2). The dependent variable is Consumer Loyalty (Y). The definition of each variables is given in table 2 below.

Table 2. Research Variable

Variabel	Definisi	Indikator
Service Quality (X_1)	For service quality, there are 5 dimensions of *SERVQUAL* (Parasuraman, 2005)	1. Tangibility 2. Reliability 3. Responsiveness 4. Assurance 5. Empathy (Parasuraman, 2005)
Consumer Trust (X_2)	Consumer trust is the faith a party has on the other in doing a transaction based upon the confidence that the trusted party will fulfil his/her obligation.	1. Ability 2. Kindness 3. Integrity Mayer et al, (2010)
Consumer Loyalty (Y_1)	Customer loyalty is a key success factor in the short and long term. It also ensures sustainable competitive advantage.	1. Trust 2. Emotional Commitment 3. Switching 4. Word of Mouth 5. Cooperation Hidayat (2009)

Source: Many Journals 2019

Data Collection Technique

Questionnaire is used to collect data on quality of products and services, consumer trust as well as the consumer loyalty of PT. Henson Alfa Gros.

Analysis Techniques of Data

Made up of Test of Validity and Test of Reliability. (a) Test of Validity determines whether the method can accurately measure what it is intended to measure (being close to its real properties). (b) Test of Reliability is the measure of the consistency of a measurement. The higher the reliability of a measurement method, the more stable it is. A variable is known to be reliable when it gives a Cronbach alpha > 0.60 (Ghozali, 2005).

F- test

F-test is used to know the effect of independent variables simultaneously with respect to dependent variable. If significant, the relationship holds for the population.

Coefficient of Determination (R2)

Coefficient of determination (R2) measures how well the model able to explain the variation in the dependent variable.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to assess the magnitude of the impact of the independent variable (X) with respect to the dependent variable (Y). In this research, the dependent variable is the consumer loyalty (Y), while the independent variables are service quality (X1) and consumer trust (X2).

The relationship between the dependent and independent variables can be modelled in the following equation:

$$Y = b1\ X1 + b2\ X2 + e$$

t-Test

t-test is used to test each variable separately. Results of the t-test can be seen from coefficient table under the significance column. If significance value is less than 0.05, there is a partial relationship between the dependent and independent variables. If the value of significance is more than 0.05, there is no significant relationship between the independent and dependent variables.

3.0 RESULTS AND DISCUSSION

Respondents Characteristics

This research uses multiple linear regression using IBM SPSS Statistic19. The type of demography of the respondents were size of business, the length of business existence, revenue, and length of time that the respondent have done business with PT. Henson Alfa Gros. The number of respondents was 100.

Table 3. Respondents Characteristics

Demography	Category	Frequency	Percentage
Size of Business	Small	43	43
	Medium	57	57
Length of Business Existence	1 - 3 tahun	34	34%
	4 – 6 tahun	41	41%
	>6 tahun	25	25%
Revenue	< 5.000.000	23	23%
	5.000.000 – 10.000.000	21	21%
	>10.000.000	56	56%
Length of time that Respondents have done Business with PT. Henson Alfa Gros	1-3 tahun	59	59%
	4-6 tahun	31	31%
	>6 tahun	10	10%

Source: Processed Data 2019

Result of Test of Validity

The results obtained from a data collection instruments need to have a high accuracy, therefore the instrument used must be valid. An instrument is said to be valid if it measures the intended measurement. According to Sugiyono (2010), if the validity value of a statement is larger than 0.3, the statement in the instrument is said to be valid.

Table 4.Test of Validity

variable	Indicator	Corrected Item-Total Correlation	Validity	Remarks
Service Quality	X1.1	0.639	> 0.3	Valid
	X1.2	0.503	> 0.3	Valid
	X1.3	0.696	> 0.3	Valid
	X1.4	0.506	> 0.3	Valid
	X1.5	0.356	> 0.3	Valid
Consumer Trust	X2.1	0.648	> 0.3	Valid
	X2.2	0.575	> 0.3	Valid
	X2.3	0.648	> 0.3	Valid

Result of Test of Reliability

If the value of Cronbach alpha (α) is larger than 0.60, the indicator is reliable, but if the value is smaller than 0.60, the indicator is not reliable.

Table 5. Test of Reliability

Variable	Cronbach Alpha	Remarks
Service Quality (X_1)	0.755	Reliable
Consumer Trust (X_2)	0.791	Reliable
Consumer Loyalty (Y)	0.795	Realible

Source: Processed Data 2019

F-Test

If the p-value is less than 0.05, H0 is rejected and Ha is accepted. This means that independent variables have a significant impact at the same time on the variable (Ghozali, 2005:84).

Table 6. F-Test

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.705	2	17.852	3.822	0.025
	Residual	453.045	97	4.671		
	Total	488.75	99			

Source: Processed Data 2019

From the result of the test the F value obtained from the calculation is 3.822 while the F value from table is 2.311 which means that Fcalculated > Ftable and the Sig. value of 0.025 is less than 0.05. This means that H0 is rejected, H1 is accepted, therefore the service quality and consumer trust simultaneously have an impact on consumer loyalty.

Coefficient of Determination (R2)

Coefficient of Determination (R2) is used to explain the proportion of the variation in the dependent variable that is explained by the independent variables at the same time. This means that the variation of the consumer loyalty which is affected by service quality and consumer trust is 5.4%, while 94.6% is explained in another variable that is not researched in the model. The result of the coefficient of determination can be seen in the following table:

Table 7. Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.270[a]	0.073	0.054	2.161	1.797

Source: Processed Data 2019

Multiple Linear Regression

Table 8. Result of the Calculation for Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	11.794	1.916	
	Total for Service Quality	0.13	0.091	0.149
	Total for Consumer Trust	0.165	0.093	0.182

Source: Processed Data 2019

Thus, according to the table above, the multiple linear regression equation is:

$$Y = 11.794 + 0{,}130\ X1 + 0{,}165\ X2$$

The multiple regression equation can be explained in the following ways: (1) constant = 11.794; this means that if all variables are zero (0), the coefficient of consumer loyalty is 11.794. (2) Coefficient of service quality (X1) have a positive sign and has a magnitude of 0.130, this means that for every unit increase of service quality, there will be an increase of the coefficient of consumer loyalty will increase by 0.130. The positive coefficient indicates positive relationship between consumer loyalty and service quality, the higher the service quality, the higher is the consumer loyalty. (3) Coefficient of consumer trust (X2) has a positive sign and the magnitude is 0.165, this means that with a unit increase in the consumer trust, it means that the consumer loyalty will increase by 0.165. The positive coefficient indicates a positive relationship between consumer loyalty and consumer trust, the higher the consumer trust, the higher the consumer loyalty.

From here, partial and simultaneous hypothesis testing will be done in the next section.

t-Test

t-test is used to test the significance of the relationship between the variables X and Y, whether X1 and X2 does really have an impact on Y separately or partially (Ghozali,2009).

Table 9 t-Test

Variable	t	sig	Remarks
Service Quality	1.439	0.153	Not significant
Trust	1.763	0.081	Significant at alpha 0.1

Source: Processed Data 2019

The result of the test points to the fact that tcalculated for service quality of 1.439 is smaller than ttable of 1.661 or sig value 0.153 is larger than alpha 0.1 while consumer trust tcalculated of 1.763 is larger than ttable of 1.661 or the sig value 0.081 is smaller than alpha 0.1. This means that the variable of service quality does not have significant impact on the consumer loyalty but the variable of consumer trust have significant impact on the loyalty of consumer that uses the service from PT. Henson Alfa Gros.

Based on the results above it can be concluded that service quality does not have a significant impact on the loyalty while consumer trust has a significant impact on the consumer loyalty.

The Effect of Service Quality Variable on Consumer Loyalty.

The results of the research show that service quality does not have an impact on the loyalty of the consumer in PT. Henson Alfa Gros where the lowest value from the respondents comes from the indicator accessibility of the location. From qualitative data, it was observed that service quality is a factor that is seen as being important by respondents. The indicators with the highest response are timely delivery to consumers, and staffs that have a fast response such that consumer problems can be solved immediately. The indicators with the lowest response are PT. Henson Alfa Gros having accessible location, and service that is friendly to consumer. Therefore PT. Henson Alfa Gros is recommended to always take care of its business environment and ensure that they are accessible and recommend staffs to be able to give friendly, sincere and personal service to consumers.

According to Engel (1995) loyalty is the deep commitment to buy again or to repeat the preference pattern for a product or services in the future that results in the repeat buying of the same brand despite situational factor and marketing efforts that could potentially cause a change in preference. A consumer may be loyal to a brand due to the difficulty in switching brand due to technical, economic or psychological factors. On the other hand, consumer may be loyal to a brand because they are satisfied with the service provider or brand and would like to continue the relationship with the product or service provider.

This is opposed to the research done by Saputro (2010) which state that service quality variable has a positive impact and significant on the consumer loyalty in the study done on PT. Nusantara Sakti Demak.

The Effect of Consumer Trust Variable on Consumer Loyalty

The test on this variable indicates that the increase in the trust will increase loyalty. This implies that consumers' trust is an important factor that affects the loyalty of the consumer of PT. Henson Alfa Gros Pekanbaru. The highest value from the respondents comes from the indicator of PT. Henson Alfa Gros building a good relationship with consumers. This result is in line with the regression analysis and partial t-test on the variable trust that indicates tcalculated being larger than ttable or significance smaller than alpha which means trust have a positive impact on consumer loyalty.

Morgan and Hunt (1994) stated that trust and commitment is a key in building loyalty while Ramadania (2002) obtained the result that trust is the base upon which commitment is built, and commitment have a tendency to oppose preference which is a key to loyalty.

This result implies that trust is a needed factor that is a reflection of the overall experience of a company. When a company gives a trustable service, it will mean well for the overall view of the consumers on the company's reputation which leads to consumer loyalty.

The result of this research is in line with Saputro (2010) that states the variable of trust have a positive and significant impact on the loyalty of the consumers in the study done on PT. Nusantara Sakti Demak.

4.0 CONCLUSION

Based on the research, the following conclusion can be drawn: (1) based on partial analysis, the research prove that service quality variable does not have a significant impact on the loyalty of consumers that uses the consumer goods service in PT. Henson Alfa Gros, but the company do have to better its service quality as it cannot be separated in the quality of a service provider. (2) Based on partial analysis the result of the research prove that the trust variable has a positive and significant impact on the loyalty of consumers that uses the consumer goods service in PT. Henson Alfa Gros, therefore, by increasing the consumer trust, loyalty will also increase due to the positive impact. (a) Based on this research, the author would like to suggest that PT. Henson Alfa Gros need to maintain the consumer trust by giving training to staffs to maintain good relationship with consumers. From the training given, it is expected that staffs can give great service with satisfactory result so that consumer loyalty can be maintained and increased. For the service quality variables that does not have a significant impact, the company do still have to increase their quality, because those qualities cannot be separated from the overall quality of a service. (b) Future research can involve path analysis so that it can be known if trust can be an intervening variable in relating service quality and consumer loyalty.

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