PRODUCT EMINENCE, SERVICE AND CUSTOMER TRUST IN CUSTOMER LOYALTY
(Case Study on Company X in Surabaya)

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Abstract. This study aims to determine the influence of Product quality, Service quality and Customer trust on Customer loyalty. Where is the independent variable consist of Product quality variable, Service quality variable, and Customer trust variable influences Customer Loyalty variable as the dependent variable. This research was conducted at Enterprise in Surabaya. Methods of data collection in this study is questionnaires filled out by the respondents are consumers of Enterprise that have been bought the blank wedding invitation cards at least twice. Taking sample of 50 respondents in this study using a purposive sampling method.

Keywords: Product Quality, Service Quality, Customer Loyalty, Customer trust.

PRELIMINARY

The development of printing in Indonesia, especially when noodles are experiencing very rapid progress. The market share of blank wedding invitation cards is not only for the upper middle class, but also for the lower middle class. The above phenomenon makes the business competition for selling blank wedding invitation cards become increasingly sharp. The tight competition in the sale of wedding invitation card blanks makes customers more critical in making purchases of the wedding invitation card blanks they need.

Business competition can mean competition for consumers, the winner is not the strongest or the biggest, but who can win the hearts of consumers. In this increasingly fierce business competition for wedding invitation cards, the conditions that must be met by a company in order to be successful in the competition are trying to achieve the goal of creating and retaining customers by creating a good image in the eyes of the customers themselves which will lead to ongoing loyalty. (Economics and Business, 2007; in Ropinov, 2010).
Consumers are individuals or groups who have an urgent role for the company. This is due to the existence of consumers having access to the existence of products on the market so that all company activities will be strived to be able to position the product so that it can be accepted by consumers. The existence of heterogeneous needs then becomes the basis for consumers to take action on the availability of various alternative products. The consumer's action itself is a reflection of a series of stages of the buying process where the implications of these actions will lead to an assessment that the product can be accepted by the market or even rejected by the market (Mabruroh, 2003).

LITERATURE REVIEW

Relationship marketing in the area of service marketing by Berry (1995) in (mrpendi.wordpress.com, 2008) is defined as attracting, maintaining, and improving relationships with customers. In this definition what is important is that attracting new customers is seen as an “intermediate step” in the marketing process. Meanwhile, strengthening relationships, turning indifferent consumers into loyal ones, and serving customers as clients must be important considerations for marketing activities.

Nurbiyati (1998) argues that in the concept of relationship marketing, marketers emphasize the importance of long-term good relationships with consumers and marketing infrastructure and organizationally structurally, this awareness is manifested in the forms of comprehensive relationships and commitments. Relationship marketing can be viewed as a fairly basic correction of pre-existing marketing thinking and practices, especially marketing practices that emphasize the principle of one-time transaction marketing. This concept can also be considered more advanced than the concept of marketing driven strategy. If the market-based transaction concept emphasizes how marketers can create the next sale,

Table 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Transaction Marketing</th>
<th>Relationship Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Focus</td>
<td>Single Transaction</td>
<td>Retain consumers</td>
</tr>
<tr>
<td>2. Orientation</td>
<td>Product Features</td>
<td>Product benefits</td>
</tr>
<tr>
<td>3. Time</td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>4. Customers</td>
<td>Minimal service</td>
<td>Very high</td>
</tr>
<tr>
<td>5. Commitment</td>
<td>Limited to consumers</td>
<td>High on consumers</td>
</tr>
<tr>
<td>6. Interactive</td>
<td>Normal</td>
<td>Very high</td>
</tr>
<tr>
<td>7. Quality</td>
<td>Priority in production</td>
<td>Total quality in all aspects</td>
</tr>
</tbody>
</table>

Sources: Christopher, P. & Ballantine (1993); in Nurbiyati (1998)

One of the indicators of the company's sustainability is continuous customer satisfaction. Because it is estimated that getting one new customer takes a minimum of five to fifteen times, compared to maintaining a relationship with one old customer. By increasing the continuity of relationships with old customers and continuously seeking
and getting new customers, this is done with the concept of customer satisfaction. To improve long-term capabilities, the use of information technology allows greater flexibility in implementing relationship marketing (Nurbiyati, 1998).

Customer satisfaction

Nowadays, attention to satisfaction has been getting bigger, competition is getting higher where many producers are involved in fulfilling the needs of their consumers, causing every company to place and be consumer-oriented as the main goal (Tjiptono 1997:24). According to Kotler (2002:42), satisfaction is a person's feeling of pleasure or disappointment that arises after comparing his perceptions/impressions of the performance (or results) of a product and his expectations.

Quality service products have an important role in shaping customer satisfaction (Kotler and Armstrong, 1996). The higher the quality of the products and services provided, the higher the satisfaction felt by customers. When customer satisfaction is higher, it can generate profits for the business entity. Satisfied customers will continue to make purchases at the business entity. And vice versa if there is no satisfaction, it can result in customers moving to other products.

![Image 1: Customer Satisfaction Concept](source: Tjiptono, Marketing Strategy (1997))

Customer Satisfaction Concept

To create customer satisfaction, a company must be able to meet consumer needs that are considered the most important called "The Big Eight factors" which are generally divided into three categories as follows (Hannah and Karp, 1991; in Musanto, 2004):

1. Product-related factors:
   a. Product quality
      That is quality and all the components that make up the product. So the product has added value.
   b. The relationship between value and price
Is the relationship between price and product value which is determined by the difference between the value received by the customer and the price paid by the customer for a product produced by the business entity.

c. Product shape

The form of the product is the physical components of a product that produce a benefit.

d. Reliability

Is the ability of a company to produce products in accordance with what was promised by the company.

2. Service-related factors:

a. Guarantee

Is a guarantee offered by the company to refund the purchase price or make repairs to damaged products after purchase.

b. Response and how to solve the problem

*Response to and Remedy of Problems* is the attitude of employees in responding to complaints and problems faced by customers.

3. Purchase-related factors:

a. Employee experience

Represents all relationships between customers and company employees, especially in terms of communication related to purchases.

b. Convenience and convenience

*Convenience of acquisition* is all the convenience and comfort provided by the company to the products it produces.

Quality

Many criteria or measures of quality vary and tend to change over time, so it is not easy to define quality precisely. However, experts argue, such as Gaspersz 1997 (in Ropinov, 2010) who said that quality conventionally describes the direct characteristics of a product such as performance, reliability, ease of use, and aesthetics. While the strategic definition of quality is something that is able to meet customer wants or needs.

Goets and davist (1994) in Tjiptono (2004) formulate that quality is a dynamic condition associated with products, services, people, processes, and the environment that meet or exceed expectations. The concept of quality itself is often considered as a relative measure of the goodness of a product or service consisting of design quality and conformity quality. Design quality is a function of product specifications, while conformity quality is a measure of how far a product is able to meet predetermined quality requirements or specifications (Tjiptono, 2004).

Tjiptono (2004) says that there are five kinds of quality perspectives that develop. These five perspectives can explain why quality can be interpreted differently by different people in different situations. The five kinds of quality perspectives include:
1. **Transcendental approach**

In this approach, quality is seen as innate excellence, where quality can be felt or known, but is difficult to define and operationalize. Thus the planning, production, and service functions of a company are very difficult to use a definition like this as the basis for quality management.

2. **Product-based approach**

This approach assumes that quality is a quantifiable and measurable characteristic or attribute. Differences in quality reflect differences in the amount and some elements or attributes of the product. Because this view is so objective, it cannot account for differences in individual tastes, needs, and preferences.

3. **User-based approach**

This approach is based on the idea that quality depends on the viewer, so the product that best satisfies one's preferences (e.g., perceived quality) is the highest quality product. This subjective and demand-oriented perspective also states that different customers have different needs and desires, so that quality for a person is the same as the maximum satisfaction he feels.

4. **Manufacturing-based approach**

This perspective is supply-based and mainly pays attention to engineering and manufacturing practices, and defines quality as conformance to requirements. In the service sector, it can be said that the quality is operations driven. This approach focuses on customizing internally developed specifications, which are often driven by the objectives of increasing productivity and reducing costs. So what determines quality is the standards set by the company, not the consumers who use them.

5. **Value-based approach**

This approach views quality in terms of value and price. By considering trade-off between performance and price, quality is defined as “affordable-excellence”. Quality in this perspective is relative, so the product with the highest quality is not necessarily the most valuable product. However, the most valuable are the goods or services that are most appropriate to buy (best-buy).

**Product quality**

A product is defined as anything that can be offered to a market for attention, obtained, used or consumed that can fulfill a want or need (Kotler and Susanto, 2001; in Ropinov 2010)

Products offered can include physical goods, services, people or persons, places, organizations, and ideas. So, products can have tangible or intangible benefits that can satisfy customers. Conceptually, the product is the subjective perception of the producer of "something" that can be offered as an effort to achieve organizational goals through fulfilling the needs and desires of consumers, in accordance with the competence and capacity of the organization and the purchasing power of the market. In addition, the product can also be defined as consumer perceptions described by producers through their production. In more detail, the total product concept includes goods, packaging, brands, labels, services, and guarantees (Tjiptono, 1997).
Kotler and Armstrong (2001) define product quality as the ability of a product to carry out its functions, including reliability, durability, accuracy, ease of operation, and product repair, as well as other valuable attributes. Meanwhile, Kotler (1994) argues that product quality is used to state the level of workability of a product according to the promised specifications.

John Sviokla as quoted by Lupiyoadi (2001) suggests that the quality of a product has eight dimensions of measurement consisting of the following aspects:

1. Performance (Performance)

Performance here refers to the character of the core product which includes the brand, measurable attributes, and aspects of individual performance. The performance of some products is usually based on the subjective preferences of customers which are basically universal.

2. Product Diversity (Features)

Can be in the form of additional products from a core product that can add value to a product. The features of a product are usually measured subjectively by each individual (in this case the consumer) which indicates a difference in the quality of a product. Thus the development of the quality of a product demands flexibility in order to adapt to market demand.

3. Reliability (Reliability)

This dimension relates to the possibility of a product experiencing a malfunction in a period. The reliability of a product that indicates the level of quality is very meaningful for consumers in choosing a product. This becomes increasingly important considering the large replacement and maintenance costs that must be incurred if a product that is considered unreliable is damaged.

4. Conformance

Another dimension related to the quality of an item is the conformity of the product to the standards in the industry. The suitability of a product in the service industry is measured by the level of accuracy and time of completion including the calculation of errors that occur, unanticipated delays and several other errors.

Service quality

According to Kotler and Armstrong (2001), service is any action or activity that one party can offer to another. Basically services are intangible and do not result in the ownership of anything. The production of services may or may not be related to physical products.

Rangkuti (2002) argues that service is the provision of an invisible performance or action from one party to another. Basically services are produced and consumed simultaneously, where the interaction between service providers and service recipients affects the results of these services.

Quality is the extent to which the product meets its specifications (Lupiyoadi, 2001). Meanwhile, the quality of service according to the American Society for Quality Control is the overall characteristics and characteristics of a product or service in terms of its ability to meet specified or latent needs (Lupiyoadi, 2001).
According to Tjiptono (1996) service is an activity, benefit, or satisfaction offered for sale. Meanwhile, according to Zeithaml, Parasuraman, Berry (1998) in Ropinov (2010), the quality of service received by consumers is expressed in terms of the size of the discrepancy between the expectations and desires of consumers and their level of perception. Service quality is a measure of the difference between the differences between consumer expectations and the services provided by the company. The company strives to provide quality service to consumers. Therefore, the services provided are adapted to the environment that can assess the quality of services provided by a company to consumers, because consumers feel firsthand how the services provided.

From the above definition, it can be concluded that service quality is a feature, characteristic or nature of a product or service that affects the ability to satisfy consumer needs. In one of the studies on servqua by Parasuraman (Lupiyoadi, 2001) involving 800 customers (which are divided into 4 companies) aged 25 years and over, it was concluded that there are five dimensions of servqual as follows:

1. Physical Appearance (Tangibles)
   Physical appearance is the ability of a company to show its existence to external parties. The appearance and ability of physical facilities and infrastructure must be reliable, the state of the surrounding environment is evidence of the services provided.

2. Reliability (Reliability)
   Reliability is the ability to provide services as promised accurately and reliably. This is very important for some customers, so they are willing to incur additional costs for the company to carry out transactions as promised. This can be described by the speed of service.

3. Responsiveness
   Responsiveness is a willingness to help customers and provide prompt and appropriate service. This dimension determines the speed in dealing with requests, questions, complaints and customer difficulties. This dimension can be described with responsiveness in dealing with complaints, willingness to help customers, speed of service.

4. Guarantee (Assurance)
   Assurance is the knowledge and friendliness of employees and their ability to give the impression of being trustworthy and confident.

5. Caring (Empathy)
   Caring is having a sense of caring and nurturing to each customer.

   Tjiptono (2004) concluded that the image of good service quality is not based on the point of view/perception of the service provider but based on the perception/point of view of the customer. This is because it is customers who consume and enjoy services, so they are the ones who should determine the quality of services. The customer's perception of service quality is a comprehensive assessment of the superiority of a service.

Customer trust
Trust is a very important thing for a commitment or promise, and commitment can only be realized if one day means. Confidence or trust is an important factor that can overcome crises and difficulties between business partners but it is also an important asset in developing long-term relationships between organizations. An organization must be able to recognize the factors that can form this trust in order to create, regulate, maintain, support and enhance the level of customer relationships (Zineldin, et al., 1997; Zineldin, 1998 in Karsono, 2007).

Morgan and Hunt (1994) in Dharmmesta (2005) argue that when one party has confidence that the other party involved in the exchange has reliability and integrity, it can be said that there is trust. Moorman, Deshpande, and Zatman (1993) as quoted by Dharmmestha (2005) define trust as a person's willingness to rely on other parties involved in an exchange because he has confidence in the other party.

According to Lau and Lee (1999) cited by Riana (2008) there are three factors that influence brand trust. These three factors relate to the three entities involved in the relationship between brands and consumers. The three factors are the brand itself, the brand maker, and the consumer. Furthermore, Lau and Lee propose that trust in a brand will lead to brand loyalty.

The relationship of these three factors with brand trust can be described as follows:

1. **Brand characteristics** has a very important role in determining consumer decision making to trust a brand. This is because consumers make an assessment before buying. Brand characteristics related to brand trust include predictability, reputation, and competence.

2. **Company characteristics** behind a brand can also affect the level of consumer confidence in the brand. Consumer knowledge about the company behind the brand of a product is the initial basis for consumer understanding of the brand of a product. These characteristics include a company's reputation, desired company motivation, and company integrity.

3. **Consumer-brand characteristics** are two groups that influence each other. Therefore, consumer-brand characteristics can affect brand trust. These characteristics include similarities between the consumer's emotional concept and brand personality, brand preference, and brand experience.

Customer loyalty

The term customer loyalty actually comes from brand loyalty which reflects customer loyalty to a particular brand. We have often heard the term loyalty. Like emotion and satisfaction, loyalty is another concept that seems easy to talk about in everyday contexts, but becomes more difficult when its meaning is analyzed. Not much literature suggests a definition of loyalty (Dharmmesta, 1999).

Jennie (1997) in Ropinov (2010) states that loyal customers are those who are very satisfied with a particular product so they have the enthusiasm to introduce it to anyone they know. Furthermore, at the next stage, these loyal customers will expand their "loyalty" to other products made by the same manufacturer. In the end they are consumers who are loyal to a particular manufacturer forever.

According to Fomell in Mouren Margaretha, 2004:297, loyalty is a function of
customer satisfaction, diversion barriers, and customer complaints. Satisfied customers will be able to make repeat purchases in the future and tell others what they feel.

Jill Griffin (2002) says that loyal customers are people who:

1. Make repeat purchases regularly
2. Buying between product and service lines
3. Referring to others
4. Demonstrates immunity to pulls from competitors

Meanwhile, according to Aaker, David A & Kelvin L Keller in Mouren Margaretha, 2004: 297-298, argues that loyalty is an expected behavior for a product or service which includes the possibility of further purchases or changes to service agreements, or vice versa how much it is likely that the customer will switch to another brand owner or another service provider. It further states that there are five levels of customer loyalty, namely:

1. Buyer price
   Buyers are not at all interested in the product in question, any product offered is considered adequate, so the existing product plays a small role in a purchase decision.

2. Loyal customers with switching costs
   Satisfied consumers, but they bear switching costs and risks when switching to other products. To be able to reach this type of consumer, companies must offer more benefits for compensation by offering guarantees

3. Habit Buyer
   Buyers who are satisfied / dissatisfied with a product even though they are not satisfied, buyers tend not to change products if changing the product turns out to require effort. Usually this type of buyer is difficult to reach because there is no reason for them to consider various product alternatives.

4. Appreciation buyer
   Consumers who really like the product, their preferences are based on a series of experiences/impressions with high quality that they have experienced. However, this liking can be a general feeling that cannot be identified carefully because marketers have not been able to categorize more specifically consumer loyalty to the product.

**Product Quality and Customer Loyalty**

Product is anything that has value in the target market where its ability to provide benefits and satisfaction (Sutrisno, 2002). In the product concept, Kotler (1993) says that consumers will favor products that offer the best quality, performance, and features.

According to Dharmmestha (1999) one of the important factors that can make consumers satisfied is product quality. Meanwhile, Hardiawan and Mahdi (2005) state that one of the determining factors in creating customer loyalty is satisfaction with the products provided.

**Service Quality and Customer Loyalty**
Service quality is a customer evaluation of the perfection of service performance. According to Crorin and Taylor (Ropinov, 2010), service quality has a positive influence on customer satisfaction. So by improving the quality of services provided to customers, customer satisfaction will be created. Furthermore (Andreassen and Lindestad in Sutrisno, 2002) argue that when the services provided are able to meet customer expectations, the customer concerned will feel satisfied.

**Customer Trust and Customer Loyalty**

Gede Riana (2008) proves that simultaneously (simultaneously) and partially (individually) the trust in a brand variable has a significant effect on brand loyalty.

According to Vandyuli (2003) one of the success factors of relationship marketing is the trust factor of the parties involved in the relationship. When someone trusts another party in an interpersonal relationship, he or she will depend on the other party and will subsequently raise his intention to maintain the relationship which is represented in the form of buying loyalty (Dharmmesta and Indahwati, 2005).

Morgan and Hunt (1994) say that trust and commitment are key intermediaries in building loyalty (Ramadania, 2002). Meanwhile, research by Ramadania (2002) found that trust is a fundamental part of the formation of commitment, and commitment has a tendency to oppose preferences which are a pioneering key for loyalty.

**RESEARCH METHODS**

**conceptual framework**

Based on a review of the theoretical basis and previous research, a framework of thought can be drawn up as follows.

![Conceptual Framework Diagram](source-developed-for-this-research-2013)

**Validity test**

Is to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire (Ghozali, 2006).

Measuring validity can be done by doing a correlation between the score of the questions with the total score of the construct or variable. That is by comparing the...
calculated r value with r table for degree of freedom (df) = n-2, where (n) is the number of research samples. If r count > r table and the value is positive, then the item or question or indicator is declared valid (Ghozali, 2005).

**Reliability Test**

Is a tool used to measure the consistency of the questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if a person's answer to the statement is consistent or stable from time to time (Ghozali, 2006).

**RESULTS AND DISCUSSION**

Shows the extent to which the measuring instrument used measures what it is intended to measure (Singarimbun, 1993). An instrument is said to be valid if it is able to measure what is desired and reveal data from the variables studied appropriately (Arikunto, 1998:72). Based on the calculation of the product moment correlation technique using the SPSS version 16 for Windows program, it was found that all of the questions asked to respondents had a high correlation (> 0.50) with the relevant variable. Thus it can be said that all measurement indicators used in this study have high validity.

**Reliability Results**

In a study that an instrument can be trusted to be used as a data collection tool because the instrument is good. A measuring instrument is said to be reliable if we always get the same results from the symptoms of unchanging measurements made at different times.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Reliability Coefficient</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>0.8929</td>
<td>Reliable</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.8111</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer trust</td>
<td>0.7355</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.7214</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Primary data processed 2013

Based on the calculation of the Cronbach's alpha value as shown in the table above, it can be seen that basically all of the observed variables are reliable or have strong reliability to be used as the basis for further statistical calculations.

**Normality Assumption Test**

Normality test can be done by observing the patterns of residual factors. Usually, the assumption of disturbance factors (disturbance term) states that the disturbance factors are randomly distributed around the population regression line, if the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumption of normality. On the other hand, if the data
spreads far from the diagonal line, then the regression model does not meet the assumption of normality. (Santoso, 2001:214).

![Figure 3](image)

**Normality Assumption**

Referring to the results of the depiction of the plot in this study which shows a linear pattern and its distribution follows the direction of the diagonal line, it can be said that the regression equation used in this study has met the assumption of normality.

**CONCLUSION**

The first to third problems in this study are answered through the results of the calculation of the t-count value and the significant probability which must be below 0.005. From the results of calculations using SPSS version 16 for Windows, it can be seen that partially the variables of product quality, service quality and customer trust have a significant effect on customer loyalty. So if there is a positive change in the variables of product quality, service quality and customer trust, it will increase customer loyalty.

The fourth problem is answered through Multiple Regression using SPSS version 16 for Windows which produces a calculated F value of 31.560 with a significant probability level of 0.000 which is smaller than 0.05, so that Ho is rejected and Ha is accepted with an R2 value of 0.697 which means that 69.7% variation of changes in the dependent variable can be explained by the independent variable. Thus the fourth problem of this research is answered where the variables of product quality, service quality and customer trust simultaneously have a significant effect on customer loyalty.

From the results of the regression coefficient figures, it can be seen that the customer trust variable has a dominant influence on the quality of customer loyalty, which is followed by the service quality and product quality variables.
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