

# INFLUENCE OF CUSTOMER EXPERIENCE AND SERVICE QUALITY TOWARDS CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE AT ACE HARDWARE JUANDA MEDAN

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## Abstract

One retail company that is popular with consumers in the field of household equipment and furniture is Ace Hardware. This research aims to determine and analyze the influence of customer experience and service quality on customer loyalty through customer satisfaction as an intervening variable at ACE Hardware Juanda Medan. The population in this study are the people of Medan City who have visited at least 2 times with an unknown number. The sampling technique in this research was nonprobability sampling of 100 respondents. The data analysis method uses Structural Equation Modeling-Partial Least Squares (SEM-PLS). The research results show that customer experience influences customer loyalty. Service quality has a negative effect on customer loyalty. Customer experience influences customer satisfaction. Service quality influences customer satisfaction. Customer satisfaction influences customer loyalty. Customer experience influences customer loyalty through customer satisfaction as an intervening variable. Service quality influences customer loyalty through customer satisfaction as an intervening variable.

**Keywords:** *customer experience, service quality, customer loyalty, customer satisfaction.*

## 1. INTRODUCTION

As part of today's global market competition, many goods and services are appearing on the market. The global market is flooded with various goods and services to attract consumers. Marketing is a comprehensive system of business activities aimed at planning, pricing, promoting and distributing goods and services that can satisfy the needs of current and potential buyers. The goal of marketing to achieve business goals is to try to satisfy customers through a comprehensive understanding of consumer behavior depicted in marketing that integrates different functional activities more effectively and efficiently than competitors. Customer needs are very important to business. What customers are looking for when buying a product is the benefits of the product they buy, namely benefits that can meet their needs. If a company can determine the right marketing strategy, then the company can be successful (Mahira, 2020). Currently, the retail industry continues to grow. As time goes by, the business world must continue to innovate so that consumers are interested in buying products that not only meet their needs but also provide satisfaction because they have useful and attractive products. This condition encourages large companies to offer attractive incentives for products launched on the market with unique characteristics and according to consumer tastes. One retail company that is popular with consumers in the household equipment and furniture sector is Ace Hardware. Ace Hardware in Indonesia is one of the successful retail companies in the field of household equipment and furniture, able to survive the onslaught of competing companies which continue to develop the quality and design of their products.

Currently in Indonesia modern retail is increasingly developing along with the economy and changes in lifestyle, causing people to demand more convenience in shopping. One of the well-known modern retail companies in the furniture and furniture sector in Indonesia is PT. Ace Hardware Indonesia. PT. Ace Hardware Indonesia always strives to satisfy consumers and will continue to purchase products from PT. Ace Hardware. PT. Ace Hardware Juanda Medan is the

first Ace Hardware in the city of Medan. However, there are still some customers who are not loyal when shopping at PT. Ace Hardware Juanda Medan. Anggi (2018) believes that customer loyalty is a customer goal because customer loyalty will guarantee business continuity in the long term. Loyal customers are customers who buy products from the same brand repeatedly. Loyal customers will recommend the brand to others and loyal customers will also not be interested in the different offers offered by other competing brands. Loyalty can be understood as important in developing long-term relationships between businesses and customers. Satisfying consumer needs is the desire of every company. In addition to being an important factor for a company's survival, satisfying consumer needs can increase competitive advantage. Consumers who are satisfied with products and services tend to repurchase products and reuse services when the same need arises again in the future (Indrasari, 2019).

Customer satisfaction is an assessment of whether the results achieved are the same or better than customer expectations, while dissatisfaction occurs if the results achieved do not match expectations. The comparison between expectations and the results achieved by consumers will give rise to feelings of satisfaction or dissatisfaction (Tjiptono, 2007). The phenomenon in research on Customer Experience while at Ace Hardware AH Nasution can be seen from the distribution of questionnaires to 30 respondents. Of which 16 respondents, 53.33%, answered that they did not agree because not all items were in their place, for example the arrangement of cutlery was not neatly arranged. The second point, 24 respondents, 80% of whom answered disagreed, was because there were several employees who were indifferent to customers so that customers were uncomfortable. Quality can be said to be good if the service provider provides services that are equivalent to those expected by customers. Without providing good service, of course customers will not have a good experience while at Ace Hardware.

## 2. IMPLEMENTATION METHOD

This research is quantitative research based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative/statistical data analysis with the aim of testing predetermined hypotheses. This research was conducted at ACE Hardware Juanda Medan in August 2023. The sample criteria were ACE Hardware Juanda Medan customers who had made at least 2 purchases.

## 3. RESULTS AND DISCUSSION

### 3.1 Outer Model

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
customer experience (X1)	0.818	0.830	0.890	0.730
customer loyalty (Y)	0.814	0.818	0.889	0.728
customer satisfaction (z)	0.789	0.797	0.878	0.706
service quality (x2)	0.931	0.935	0.947	0.782

The results of the analysis from the table above show that in the good enough category, each construct has met the outer model reliability assessment criteria with a composite reliability value of  $> 0.7$ . Thus, the outer model analysis continues to the outer model validity stage.

### 3.2 Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O-STDEV))	P Values
Customer experience (X1) → Customer loyalty (Y)	0.209	0.217	0.090	2,320	<b>0.021</b>
Service quality (X2) → Customer loyalty (Y)	-0.246	-0.254	0.226	1,089	<b>0.276</b>
Customer experience (X1) → Customer satisfaction (Z)	0.258	0.262	0.057	4,528	<b>0,000</b>
Service quality (X2) → Customer satisfaction (Z)	0.733	0.728	0.052	14,150	<b>0,000</b>
Customer satisfaction (Z) → Customer loyalty (Y)	0.820	0.825	0.249	3,288	<b>0.001</b>

As for the analysis from the table above, it can be concluded that there is an influence between customer experience (X1) on customer loyalty (Y) with P-Values  $0.021 < 0.05$ , meaning that there is a positive and significant influence between customer experience (X1) on customer loyalty (Y). The results obtained are the influence of service quality (X2) on customer loyalty (Y) with P-Values  $0.276 > 0.05$ , meaning that there is a negative and insignificant influence between service quality (X2) on customer loyalty (Y). The results obtained are the influence between customer experience (X1) on customer satisfaction (Z) with P-Values  $0.000 < 0.05$ , meaning that there is a positive and significant influence between customer experience (X1) on customer satisfaction (Z). The results obtained are the influence between service quality (X2) on customer satisfaction (Z) with P-Values  $0.000 < 0.05$ , meaning that there is a positive and significant influence between service quality (X2) on customer satisfaction (Z). The results obtained are the influence between customer satisfaction (Z) on customer loyalty (Y) with P-Values  $0.001 < 0.05$ , meaning that there is a positive and significant influence between customer satisfaction (Z) on customer loyalty (Y).

#### 4. CONCLUSION

From the results above it can be concluded as follows:

1. *Customer Experience* proven to have a positive and significant effect on Customer Loyalty at ACE Hardware Juanda Medan.
2. *Service Quality* proven to have a negative and insignificant effect on Customer Loyalty at ACE Hardware Juanda Medan.
3. *Customer Experience* proven to have a positive and significant effect on Customer Satisfaction at ACE Hardware Juanda Medan.
4. *Service Quality* proven to have a positive and significant effect on Customer Satisfaction at ACE Hardware Juanda Medan.
5. *Customer Satisfaction* proven to have a positive and significant effect on Customer Loyalty at ACE Hardware Juanda Medan.
6. *Customer Experience* proven to have a positive and significant effect on Customer Loyalty through Customer Satisfaction at ACE Hardware Juanda Medan.
7. *Service Quality* proven to have a positive and significant effect on Customer Loyalty through Customer Satisfaction at ACE Hardware Juanda Medan.

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