THE INFLUENCE OF RETAIL SERVICE QUALITY ON CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE IN ALFAMIDI MEDAN CITY

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Abstract

Research purposesTo analyze whether retail service quality, retail service quality influences customer satisfaction and customer loyalty at Alfamidi in the city of Medan.The type of research that the author uses in the research is quantitative research. This research was conducted at Alfamidi in the city of Medan, starting from June to August 2023. The population in this research were customers shopping at Alfamidi in the city of Medan in the surrounding Medan Amplas area, namely Alfamidi SM Raja 3, Alfamidi Selambo, Alfamidi Amplas, and Alfamadi Super SM Raja who used Alfamidi member cards amounted to 1,970 customers for a month, which became the research population. The sampling carried out in this research used purposive sampling. So the resulting sample is 220 samples. With the results of Retail Service Quality, it has a positive and significant effect on Customer Satisfaction at Alfamidi, Medan City. Retail Service Quality has a positive and significant effect on Customer Loyalty at Alfamidi, Medan City. Customer Satisfaction has a positive and significant effect on Customer Loyalty at Alfamidi, Medan City. Customer Satisfaction mediates the influence of Retail Service Quality on Customer Loyalty in Alfamidi, Medan City.

Keywords: Retail Service Quality, Retail Service Quality Customer Satisfaction And Customer Loyalty

1. INTRODUCTION

The dynamics of the retail business in Indonesia continues to develop along with the growth of various market segments. Therefore, companies engaged in the retail business are trying to perfect the point-of-sale concept. Including Alfamidi by establishing a retail supermarket in 2007 as a response to the still broad market opportunities and an effort to maximize the increase in Alfamidi company profits. With the vision of becoming a retail network that is integrated with the community, able to meet customer expectations and needs and provide the best quality service. Alfamidi is a trading company or retail business whose mission is to provide satisfaction to customers by focusing on quality products and services, upholding the highest business behavior/ethics, developing an entrepreneurial spirit and business partnerships, building a global organization that is trusted, healthy, continues to grow and beneficial to customers, suppliers, employees, shareholders and society. Currently, Alfamidi has become the leading retail distribution network in Indonesia which is owned by the wider community. The following 10 modern food retail companies with the largest sales in Indonesia throughout 2021 can be seen in the following image:

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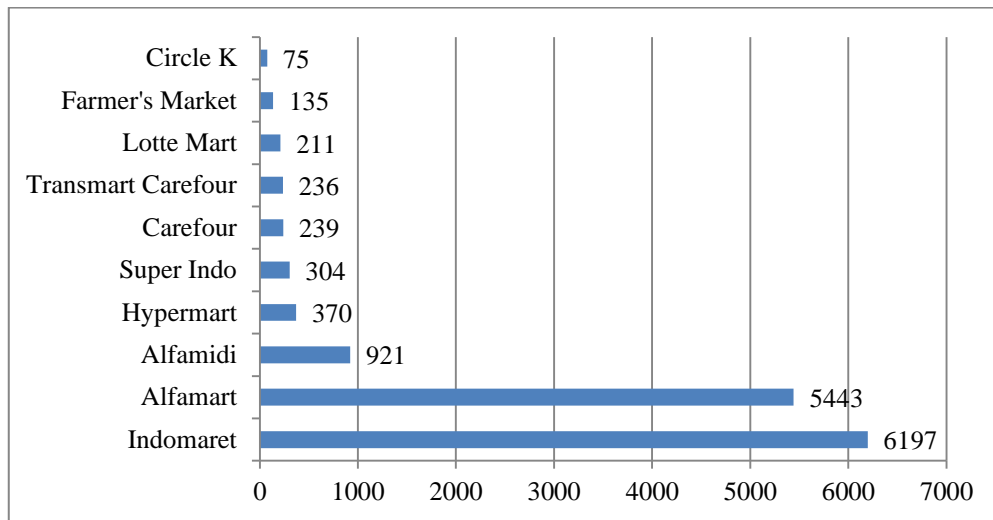
Source: databoks.katadata. Year 2022
Figure 1.1
Sales at Modern Retail Companies in 2021 in Indonesia

It can be seen from the data that Indomaret is the modern food retail company with the largest sales in Indonesia in 2021. Throughout last year Indomaret recorded sales of around US$6.2 billion, the highest compared to other modern food retail companies. In second place is Alfamart with sales of US$5.44 billion throughout 2021. After that there is Alfamidi with sales of US$921.7 million, Hypermart US$370.9 million, and Super Indo US$304 million. Furthermore, to see the phenomena in the field related to this research carried out at Alfamidi in Medan City on customers using Alfamidi member cards as a whole, it can be seen in the graphic image as follows.
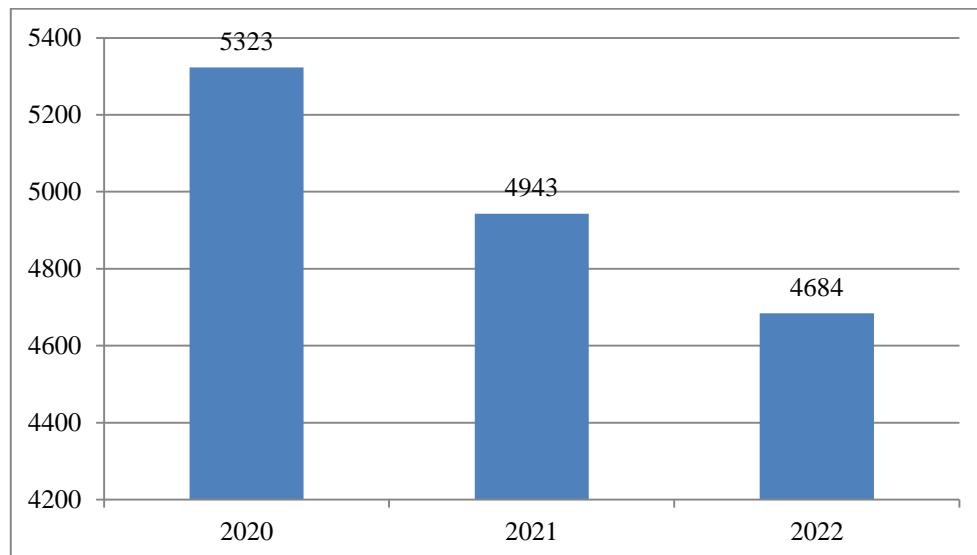
Source: Medan City Alfamidi Card Member Data
Figure 1.2
Alfamidi Card Member from 2020 to 2022

It can be seen in Figure 1.2 that there was a decrease in the number of customers from 2020 to 2021. This decrease can be seen from members who actively use Alfamidi cards and total new registrations. In 2020, there were 5,323 active members shopping using Alfamidi member

cards, in 2021 it fell again to 4,943, and in 2022 it fell to 4,684. These results show a decrease of around 12 percent, this indicates that there is a problem in Alfamidi, Medan city and needs to be analyzed further through this research. Based on the results of observations, it appears that in the aspect of service quality, customers expressed complaints about slow service, poor staff responsiveness, as well as problems related to product availability at Alfamidi. This reflects a mismatch between customers' expectations of good service and the reality of the shopping experience. In customer satisfaction, consumers express dissatisfaction with the quality of the products they purchased at Alfamidi and feel that Alfamidi does not meet their expectations in terms of service. Thus, there seems to be a gap between customer expectations and reality in terms of customer satisfaction at Alfamidi. Loyalty is a very important part of repeat purchase behavior and is one of the measuring tools for retaining customers by making repeat purchases. The results of previous research by Nerys & Wijaya (2019) show that consumer satisfaction has a significant effect on customer loyalty.

LITERATURE REVIEW

Retail Service Quality
Retail Service Quality can be interpreted as an effort to fulfill consumer needs and desires and the accuracy of delivery to match consumer expectations in the retail industry.

Customer satisfaction
Consumer satisfaction is a person's feeling of happiness or disappointment that arises from comparing the product's perceived performance to their expectations. If performance fails to meet expectations, customers will be dissatisfied, if performance meets expectations customers will be satisfied. (Kotler, 2017).

Customer loyalty
Customer loyalty is a customer's commitment to a brand, shop or supplier based on very positive characteristics in long-term purchases (Tjiptono, 2017).

2. IMPLEMENTATION METHOD

Types of research
The type of research that the author uses in the research is quantitative research with an associative approach which aims to determine the influence or relationship of an independent variable on the dependent variable, so that the magnitude of the influence and the close relationship can be known (Sugiyono, 2020).

Research Location and Time
This research was conducted on Alfamidi in the city of Medan, starting from June to August 2023.

Research Population and Sample

Population
The population in this study were customers shopping at Alfamidi in the city of Medan in the surrounding Medan Amplas area, namely Alfamidi SM Raja 3, Alfamidi Selambo, Alfamidi Amplas, and Alfamidi Super SM Raja who used Alfamidi member cards, amounting to 1,970 customers during the month, which became the research population.

Samples
The sampling carried out in this research used purposive sampling. So the resulting sample is 220 samples.

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3. RESULTS AND DISCUSSION
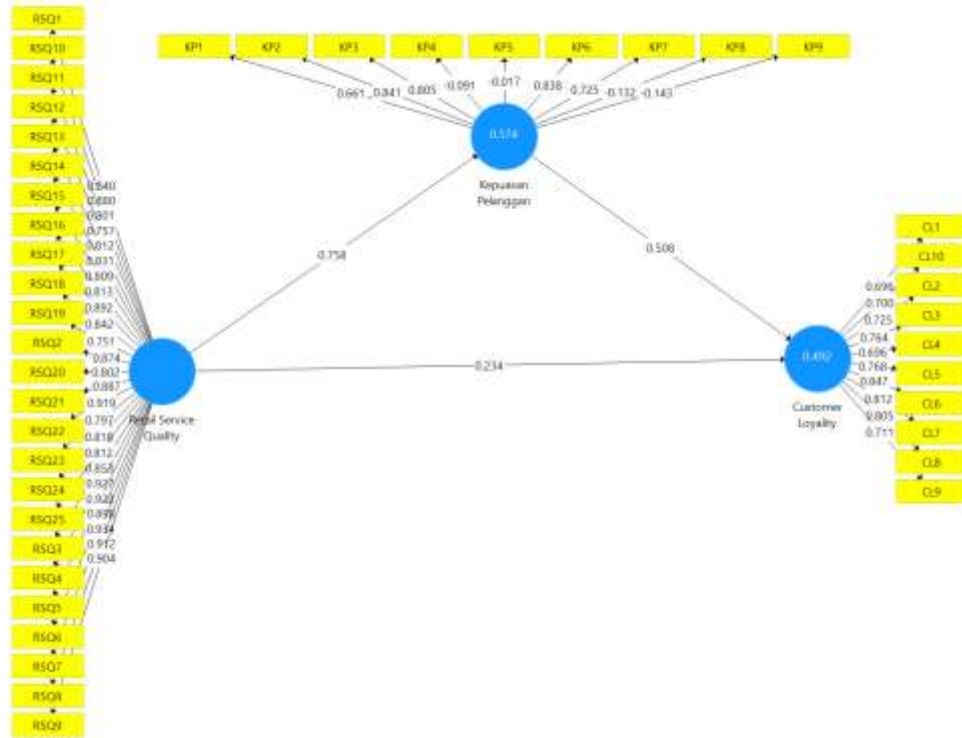**Measurement Model Testing (Outer Model)**

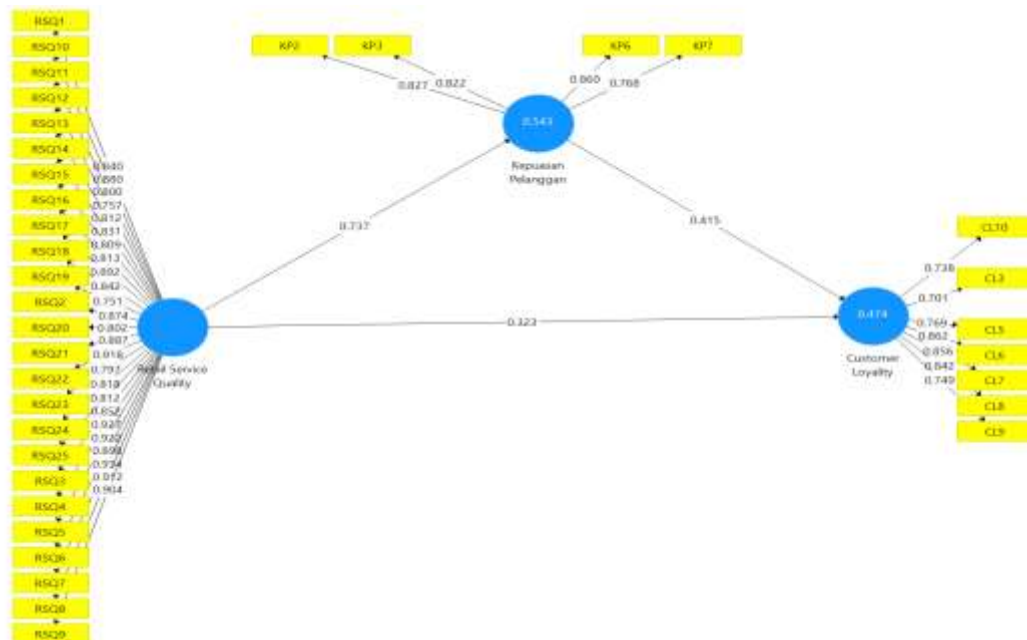**Figure 3.1 Validity Testing Based on Outer Loading**

Figure 4.2 Validity Testing Based on Outer Loading II

Based on testing the validity of outer loadings 1 and 2 in Figures 3.1 and 3.2, it is known that all indicators have an outer loading value > 0.7, which means they meet the validity requirements.

Test the Significance of the Influence (Boostrapping) of the Inner Model
Table 3.1
Path Coefficient

Variable	Original Sample	Sample Mean	Standard Deviation	T- statistics	P-values
X→Y	0.737	0.742	0.036	20,226	0,000
X→Z	0.323	0.320	0.070	4,585	0,000
Y→Z	0.415	0.421	0.067	6,231	0,000
X→Y→Z	0.306	0.312	0.053	5,823	0,000

1. Retail Service Quality (X) has a positive and significant effect on Customer Satisfaction (Y), with a coefficient value of 0.737 and P-values = 0.000 < 0.05 (Hypothesis Accepted)
2. Retail Service Quality (X) has a positive and significant effect on Customer Loyalty (Z), with a coefficient value of 0.323 and P-values = 0.000 < 0.05 (Hypothesis Accepted)
3. Customer Satisfaction (Y) has a positive and significant effect on Customer Loyalty (Z), with a coefficient value of 0.415 and P-values = 0.000 < 0.05 (Hypothesis Accepted)
4. Customer Satisfaction (Y) significantly mediates the relationship between Retail Service Quality (X) and Customer Loyalty (Z) with P-Values = 0.000 < 0.05 (Mediation Hypothesis Accepted).

DISCUSSION

Testing the Effect of Retail Service Quality on Customer Satisfaction

The research results show that Retail Service Quality has a positive and significant effect on Customer Satisfaction. Retal service quality (SQ) or service quality is an achievement in an effort to answer all consumer needs in retail companies. The service provided by the company to consumers aims to win the hearts of consumers so that they are finally willing to buy the products offered. Japrianto's research (2019) supports the results of Retail Service Quality having a positive and significant effect on the Customer Satisfaction variable. Slack & Singh (2020) shows the results that Service Quality significantly influences Customer Satisfaction in Supermarkets in Fiji.

Testing the Effect of Retail Service Quality on Customer Loyalty

The research results show that Retail Service Quality has a positive and significant effect on Customer Loyalty. According to Tjiptono (2017), service quality is an effort to fulfill customer needs, desires and accuracy. Service quality can not only influence satisfaction, but also directly influence customer loyalty. Based on the research results of Japrianto (2019), it is stated that retail service quality has a big impact on customer satisfaction which ultimately leads to the creation of customer loyalty. Retail service quality helps retail companies improve service to customers, understand customer expectations, and increase customer loyalty, which in turn can influence the success of their business. The previous statement is in line with research conducted by Sucihati et al (2022) that the research results reveal that Service Quality has an influence positive and significant towards Customer Loyalty.

Testing the Effect of Customer Satisfaction on Customer Loyalty

The research results show that Customer Satisfaction has a positive and significant effect on Customer Loyalty performance. Customer satisfaction explains that satisfied consumers are not necessarily loyal, on the contrary, loyal consumers are definitely satisfied consumers. Satisfaction will encourage repeat purchases. Thus, satisfaction is an important factor in customer loyalty (Woen & Santoso, 2021). Research by Nely & Wijaya (2019) shows that customer satisfaction has a positive and significant effect on customer loyalty. Other research by Rais, M., Nohong, M., & Munir, AR (2022), the results provide results in accordance with previous research that customer satisfaction has a positive and significant effect on customer loyalty.

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Testing the Mediating Effect of Customer Satisfaction on the Effect of Retail Service Quality on Customer Loyalty

The research results showed that customer satisfaction mediates the influence of retail service quality on customer loyalty. Customer satisfaction explains that satisfied consumers are not necessarily loyal, on the contrary, loyal consumers are definitely satisfied consumers. Satisfaction will encourage repeat purchases. Thus, satisfaction is an important factor in customer loyalty (Woen & Santoso, 2021). According to Kotler and Keller (2017) satisfaction is a person's feeling of joy or disappointment that arises from comparing the product's perceived performance (or results) against their expectations. Apart from that, the influence of service quality in the retail sector and consumer loyalty is very closely related, because by providing high quality service to consumers, consumer satisfaction will be created which shows consumer loyalty to the company (Putera & Wahyono, 2018).

4. CONCLUSION

Based on the analysis of research results, the conclusions obtained are as follows:

1. Retail Service Quality has a positive and significant effect on Customer Satisfaction at Alfamidi, Medan City.
2. Retail Service Quality has a positive and significant effect on Customer Loyalty at Alfamidi, Medan City.
3. Customer Satisfaction has a positive and significant effect on Customer Loyalty at Alfamidi, Medan City.
4. Customer Satisfaction mediates the influence of Retail Service Quality on Customer Loyalty in Alfamidi, Medan City.

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