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# Model of Customer Satisfaction and Loyality

Modelo de satisfaccion y lealtad del consumidor

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#### ABSTRACT

This study presents an empirical model of service quality and appropriate relationality for cellular operators, so that service users can achieve high satisfaction and loyalty. This occurs at the level of the prices offered for the lower middle segment, as well as at the level of quality for the upper middle segment. The method used is the descriptive and verification survey. The sample consists of 285 students in the third semester of eight tertiary institutions. To measure all the constructions and indicators a research questionnaire was used and the method of data analysis was SEM (Structural equation modeling).

**Keywords**: Customer loyalty, customer satisfaction, perception of service quality, relational quality.

RESUMEN

Este estudio presenta un modelo empírico de calidad de servicio y relacionalidad apropiado para operadores celulares, de modo que los usuarios del servicio logren una alta satisfacción y lealtad. Esta se produce a nivel de los precios ofrecidos para el segmento medio inferior, así como al nivel de calidad de servicio para el segmento medio superior. El método utilizado es la encuesta descriptiva y de verificación. Se tiene una muestra de 285 estudiantes del tercer semestre de ocho instituciones terciarias. Para medir todas las construcciones e indicadores se utilizó un cuestionario de investigación y el método de análisis de datos utilizado fue SEM (Modelado de ecuaciones estructurales).

Palabras clave: Calidad relacional, lealtad del cliente, percepción de la calidad del servicio, satisfacción del cliente.

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## INTRODUCTION

This research was carried out in the West Java region, in addition to the fact that West Java province is the most populous province in Indonesia so the market potential is very broad, it also has a high level of competition, and the construction of cellular infrastructure networks is faster than other regions. That is, the development of cellular products and market conditions in the West Java region has been more advanced compared to other regions in Indonesia. The implication, the condition of competition in the cellular business in this region is also higher than the conditions of competition in other regions.

With the high level of competition, as the results of the (Sri Ningsih Minarti & Segoro, 2014), there is a high number of cellular customer loyalty in West Java. This is reinforced by the results of preliminary research (MacNeal & Dinulos, 2006) cellular customers in West Java, especially the student segment is relatively sensitive to the enticements of other cellular operator offers that include tariffs, bonuses, and cheap card-phone packages that cause them to be disloyal.

For these reasons, the discussion on customer loyalty in cellular telecommunications services is considered very relevant. With the research on customer loyalty in cellular telecommunications, it is expected that an understanding of the causes of customer loyalty will occur, and this understanding can be used to anticipate customer movements, especially when *mobile number portability* (MNP) will later be implemented in Indonesia.

In this study Bandung city objects will be taken, because according to (Fitriyani & Helmud, 2016), that revenue, the number of BTS (*Base Transceiver Station*), and traffic about 60% for mobile phone operators in general in West Java, namely in Bandung, the remaining 40 % in other cities. Likewise, based on the results of research by (BCG, 2017) that in general cell phone customers are less loyal, and move the another operator is a customer of the student segment.

This statement is also in line with (Segoro, 2013) research findings, that student customers are proven to have high intention to switch service customers. Therefore, in this study cellular phone customers will be taken from the student segment in the largest tertiary institution in five cities in West Java Province.

Based on the phenomena and some of the results of previous studies, it is interesting to examine the interrelationship between constructs of perceived service quality, tethering factors, and relational quality that affect cellular customer satisfaction and loyalty.

In general, research on customer loyalty that has been done previously emphasized on efforts to analyze the factors that influence customer satisfaction (S.N. Minarti & Segoro, 2014; segoro, 2013). The studies stated that the higher level of customer satisfaction with the company, the higher level of loyalty. The other research states that satisfaction factors alone are not enough to examine aspects of customer loyalty (Maydeu-Olivares & Lado, 2003). Then subsequent research tries to include other variables that are antecedents of customer loyalty. (Riorini & Widayati, 2015) examined the influence of service quality perception on customer satisfaction and loyalty, increasing perceived service quality would cause these customers to be loyal.

Previous studies indicate that customer loyalty is influenced by customer satisfaction and customer satisfaction is influenced by the service quality perception to consumers. However, customer satisfaction does not always affect customer loyalty. This indicates the existence of other factors that cause customer satisfaction and loyalty. These other factors come from individuals who become obstacles to not divert the use of products or services from other companies which are called *mooring factors*. In addition to factors within individuals, another factor that also affects customer satisfaction and loyalty is the relational quality that exists between the customer and the company.

## LITERATURE REVIEW

In previous studies, The service quality perception by many researchers was used as an antecedent from customer satisfaction and loyalty (Rihova, Buhalis, Moital, & Gouthro, 2015). However, customer are not always loyal and have a high tendency to switch brands. This shows that to keep customers loyal in the long run, factors that are more than just *service quality perception are needed*.

(Bansal, Mendelson, & Sharma, 2001) explain that the cause of a person not moving or becoming loyal is also caused by the presence of *mooring factors*. These factors have a direct relationship and are negatively related to consumer intentions to switch brands. This means that if consumers feel "moored" (*"moored"*) on a brand, then they tend not to switch brands or loyal. Earlier, (Bansal, Taylor, & James, 2005) explains that in addition to having fastening factors in the marketing strategy to create customer loyalty, companies are generally pursuing a strategy of pushing (*push strategy*) and compelling strategies (*pull strategy*) to influence consumer choice.

Variable dimensions of the strategy to push (*push strategy*) include: improving the quality (*quality*), satisfaction (*satisfaction*), the value (*value*), price (*price*), confidence (*trust*), and commitment (*commitment*). Research shows that consumer ratings are low on each of these dimensions, more likely to make consumers have the intention to move or not loyal.

The next strategy is the *pull strategy*, which is measured through *alternative attractiveness*. Research shows, the higher the appeal of alternative other products or services, the greater the desire for someone to move or become disloyal.

Relating to the attitude and switching characteristics and switching costs which are the inhibiting factors, (Segoro, 2013) explained that switching costs reduce trust and satisfaction so that it affects customer loyalty. (Blok et al., 2007) also found that the switching cost factor (an element in the fastening factor) directly affects satisfaction.

Another variable that is also important in analyzing customer satisfaction and loyalty is *relationship quality*. (Žabkar, Brenčič, & Dmitrović, 2010) argues that relational quality has a significant influence on actions taken in the future. Research conducted by (Vesel & Zabkar, 2009) revealed that relational quality has a positive influence on customer satisfaction, then satisfaction is also a positive effect on customer loyalty. The explanation above indicates that in addition to perceived service quality, the fixing factors and relational quality have great potential for customer satisfaction and retention.

According to the study of (Bansal et al., 2005), in addition to The service quality perception, one's desire to be loyal and not switch brands, it is also influenced by inhibiting factors. The higher the influence of the factors that hold a person to switch, for example switching cost factors, family (social environment), attitude (*attitude*), characteristics, and *variety seeking*, the higher the level of loyalty.

Meanwhile, based on research by (Segoro & Widiawati, 2019), it is stated that, in order to gain customer loyalty, one must first obtain the trust of consumers. Trust is the ability to make judgments by processing information on perceived experience.

(Költzsch, 2006) states that the behavior and practices of consumer trust affect loyalty to service providers directly. Consumer loyalty shows a variety of behaviors that mark motivation to maintain relationships with companies, including allocating more money for service provision, involving positive promotion and repeat purchases (Rihova et al., 2015).

Other research from (Coelho & Henseler, 2012) states that relational quality has psychological consequences, namely customer satisfaction and behavioral consequences that are customer retention. Satisfaction is one indicator in increasing consumer loyalty. The higher the satisfaction, the higher the loyalty (Riorini & Widayati, 2015). However, now customer satisfaction no longer plays a role in guaranteeing a continuous consumption pattern of services (Chui et al., 2010). Perception of service quality, inhibiting factors,

and relational quality can provide several benefits to the company, especially in providing a direct influence on the formation of consumer satisfaction (Bansal et al., 2005).

In order for satisfaction to affect loyalty, cumulative satisfaction or satisfaction often occurs, in such a way that individual satisfaction episodes become a unified collection of satisfaction. However, to determine customer loyalty is still needed a variety of other things (Maydeu-Olivares & Lado, 2003), one of which is trust. Trust arises from a quality relationship between buyers and companies in the consumption process.

Figure 1, in this research is a development of previous studies conducted by (Bansal et al., 2005) and (Kim, Park, & Jeong, 2004) and other previous researchers.



## METHODOLOGY

The choice of population or object of research must consider whether prospective respondents can be expected to easily take the time to provide the information or data needed (U.S. Department of Education, 2014). Furthermore, as previous research stated that students are very effective as objects of research on mobile users in Indonesia (Segoro, 2013).

In addition, reinforced by *Ericson Consumer Lab's* research results stated that in the cellular business, adolescent demographics have the potential to be a cause of high rates of cellphone use and are active in using it. The study also mentioned that the cellular telecommunications business market in Indonesia is dominated by young people, including young people in it, (segoro, 2013). Because it is very appropriate if students are used as objects of research.

Referring to the statement above, the unit analyzed in this study is the final year students as customers who use cell phones, especially in the West Java regional region, because based on data, the growth rates in West Java are still developing.

The population unit is taken from students who have cellular telephones in several large universities in the city of Bandung, because of revenue, the number of BTS (*Base Transceiver Station*), and traffic around 60% for mobile phone operators in general in West Java, namely in the City of Bandung, the remaining 40% in the City- other cities (Alamsyah, Paryasto, Putra, & Himmawan, 2016); so it can be said that the City of Bandung can represent the Province of West Java in the activity of using Cell Phones.

Final year students are taken as population, because based on observations in West Java and strengthened by the results of previous studies, namely cell phone users who are the most active and relatively

experimenting with new cellular services, both in terms of their phones and cellular operators, and have more than one cellular service is generally student (Rohayati, 2006, 153).

Likewise, the cellular telephone examined in this study is a type of pre-paid, so it is appropriate if the final year students, namely the 2004/2005 generation are used as the unit of analysis, because according to (Segoro & Widiawati, 2019) the final level students have almost 46.5% already have jobs (already relatively well established), so it is assumed they can also represent as prepaid cell phone users.

Then the final year students logically fulfill to answer the questions in the questionnaire given. Requirements for students who are respondents are those who meet the following criteria: (1) Active using mobile phones. (2) Using one of prepaid cellular operator services, either Telkomsel (GSM), Indosat (GSM or CDMA), Exelcomindo Pratama (GSM), PT. Telkom Indonesia (CDMA), Bakrie & Brother (CDMA), or Smart Phone (CDMA). (3) Have used operator services (which are currently being used between one of the above) for a year or more. One year is used, with the consideration concerned that he has gained sufficient experience in the services he has received from the cellular operator he is subscribed to, and may have experienced changing card numbers and other cellular operator services.

# **RESULTS AND DISCUSSION**

#### **Descriptive analysis**

Overall analysis of service quality perception and relational quality in increasing customer satisfaction and loyalty to cellular telephone service providers can be tested descriptively as follows in table 1:

Descriptive rest Results					
Hypothesis	Total Score	Criteria	Conclusion		
Ho: Quality perception	21586	Score are on	Quality perception		
underprivileged services drive the company telephone service provider cellular in providing service		between 19380 s/d 23940 Ho rejected Ha accepted	capable service drive the company service provider cell phone inside provide services		
Ha: Quality perception service is able to encourage company company telephone service provider cellular in providing service					

# Table 1 Descriptive Test Results

Ho: Relational quality is lacking able to push service provider company cell phone inside building relationships relational to users cellular operator services Ha: Relational quality able to push service provider company cell phone inside building relationships relational to users cellular operator services	8791	Score are on Betwen 8721 s/d 10773 Ho rejected Ha accepted	Relational quality able to push provider company cellular telephone service in building relational relationship with users operator services cellular
Ho: Customer satisfaction	15985	Score are on	Customer satisfaction
less anticipated	10000	between 14820s / d	enough can
telephone service company		19380	anticipated the company
cellular in providing		Ho rejected	cellular telephone service
user satisfaction		Ha accepted	in giving
service			satisfaction on
Ha: Customer satisfaction company can anticipate cellular telephone service inside give satisfaction to service user			service user
Ho: Customer loyalty	13017	Score are on	Customer loyalty
less anticipated		between 11628 to	can be anticipated
telephone service company		14364	service company
cellular in providing		Ho rejected	cell phone inside
confidence in users		Ha accepted	give out
service			confidence in
Ha: Customer loyalty			service user
company can anticipate			
cellular telephone service inside			
give confidence to			
service user			

171

Based on table 1 above, it turns out that together it can be said that The service quality perception is able to encourage cellular phone service providers to provide services and relational quality is able to encourage cellular phone service providers in building relational relationships with cellular operator service users, so that customer satisfaction enough can be anticipated cell phone service companies in providing satisfaction to service users and customer loyalty can be anticipated cell phone service companies in providing confidence in service users.

# Hypothesis testing analysis

According to the research result and testing of the hypothesis above, an empirical model can be found as shown in Figure 2.



Figure 2. Empirical model of service quality and relational quality

The findings obtained from this study are that the increase in customer loyalty of cellular telephone services, especially in the *affective loyalty* element, is determined by customer satisfaction, especially in the functional element in the use of cellular telephone services, while customer satisfaction can be achieved if the service quality perceived by customers in cellular operator services is increasingly good especially in the element of additional services and the increasingly good quality of the relational relationships established by cellular service operators, especially in the element of trust

Based on the results of the study, supported by data that the service quality perception has a positive effect on customer satisfaction, which means that the better the service quality perception of cellular operators, the more satisfied customers will be. The results of the above study support the results of research proposed by (Heskett, 2002) that in the *service profit chain*, service quality will affect customer satisfaction and customer loyalty which ultimately increases profit and growth. To reach loyal customers, companies must be able to offer products / services that can meet customer satisfaction and delight their feelings so that the customer wants to make a purchase.

And also based on the results of the study, supported by data that relational quality has a positive effect on customer satisfaction, which means that the better the quality of the relationship built by the cellular operator service company, the customer will be more satisfied. The results of the above study support the results of the study proposed by (Cater & Zabkar, 2009; Žabkar et al., 2010) states that the quality of relational relationships affects customer satisfaction. Studies on trust show that indicators of trust are a reason for someone to judge the level of satisfaction with a product or service. In addition, familiarity and cooperative efforts (partnering)

fostered by the company to the customer are also considered by the customer to assess whether he is satisfied or not with the services provided by the company.

Based on the results of the study, supported by data that the service quality perception has a positive effect on customer loyalty, which means that the better the service quality perception of cellular operators, the more loyal customers will be. The above research results support the results of research proposed by Turel and Surenko, (2004) that service quality is one of the factors that has a positive influence on customer satisfaction and loyalty in the cellular telecommunications industry, although there are still many other factors that influence consumer loyalty. Service quality is a factor that can increase customer loyalty, this shows that customers will be loyal if given services in accordance with their expectations. Likewise (Parasuraman, Zeithaml, & Berry, 1985) stated that service quality will encourage customer loyalty.

Likewise, based on the results of the study, supported by data that relational quality has a positive effect on customer loyalty, which means that the better the relational quality built by cellular operator service companies, the more loyal customers will be. The results of the above study support the results of the study put forward by (Cronin & Taylor, 1994) that the quality of the relationship with customers is a system that can be an intermediary in maintaining individual loyalty. Not only is the quality of service actually able to increase customer loyalty, but the quality of relational relationships will also affect customer loyalty.

Then reinforced by (Bansal et al., 2005) which states that the quality of the relational relationship between companies and customers is an ability to recognize customer behavior processes that will create loyalty and to actively manage it.

# CONCLUSION

In order to increase the service quality perception of cellular telephone service companies, the priority of the company's attention is on the elements of service quality perceived by users of cellular telephone services which include signals, fluency in using (no interference), completeness of cellular number service facility features, cellphone feature completeness in utilizing cellular operator service features, customer service attitudes of cell phone operators, speed of complaint response through customer service, ease of reloading pulses, speed of refilling pulses, ease of registering on cellular phones when first using .

The quality of relational relationships must be improved by cellular service provider companies, especially those covering elements such as the trustworthiness of cellular operators being used today, trust in the reputation of cellular operators currently used, often attending joint meetings with fellow cellular customers used when this, the ease of finding outlets (customer service *outlets*) of cellular operators in use today.

Customer satisfaction of cellular operator service users must be increased by cellular service provider companies, especially customer satisfaction which includes elements such as calculation of the cost of SMS between operators currently used and other operators, honesty in setting tariffs carried out by cellular operators used when this, the payment process (use of pulses) the use of cellular telephone operators currently used, handling customer complaints from cellular operators currently in use, customer service assistance from cellular operators in use today, the suitability of advertisements with services provided from cellular operators, services cellular operators are used today because they are in line with expectations, cellular operator SMS services are used today because they are in line with expectations.

Loyalty of customers of cellular operator service users must be enhanced by cellular service provider companies, especially those that include elements such as being eager to provide input to Cellular Operators that you are currently using in order to improve their services, happy to use features other than conversations and SMS that offered by this operator (for example: GPRS, using a personal dial tone, etc.), referring to friends / relatives / family to use the cellular card used today, because it is more profitable, referring to friends / relatives / family to use the cellular card used at this time, because the service is good, and the service advantages of the cellular operators currently used compared to other cellular services.

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