

The Influence of Service Quality on Customer Loyalty at Fortunate Coffee Cemara Asri, Medan

Meilywy Meilywy¹, Lisa Lisa^{2*}, Arwin Arwin³, Vonny Antoni⁴

^{1,4}International Marketing Management Study Program, Politeknik Cendana, Medan, Indonesia

^{2,3}Business Management Study Program, Politeknik Cendana, Medan, Indonesia

Email: ¹Meilywytan3@gmail.com, ^{2*}Lisazhang185@gmail.com, ³Arwin.my@live.com, ⁴vonnywntoni@gmail.com

Abstract

This study aims to determine the influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan. The research method used is a quantitative approach with an associative population, consisting of 75 customers at Fortunate Coffee Cemara Asri, Medan, all of whom were taken as research samples. The instruments used in this research are validity and reliability tests. The data analysis method includes testing the correlation coefficient, testing the determination coefficient, simple linear regression, and Z-test. The results of the correlation coefficient test show a correlation value (r) of 0.950, indicating that service quality has a positive and moderate relationship with customer loyalty. In the determination coefficient test, service quality influences customer loyalty by 90.2%, while the remaining 9.8% is influenced by factors not examined in this research. In the hypothesis test results, it is found that $Z\text{-count } 8.27 > Z\text{-table } 1.96$, thus it can be concluded that service quality significantly influences customer loyalty at Fortunate Coffee Cemara Asri, Medan.

Keyword: Service Quality, Customer Loyalty

1. INTRODUCTION

Marketing is a series of activities carried out by an organization or company to promote and sell their products or services to consumers or customers. Companies must determine the right marketing strategy to stay competitive and achieve their goals. High-quality service is likely to increase customer intention to repurchase products or services and recommend the company or product to others. However, many companies fail to meet customer expectations and needs in terms of service quality, which can lead to a decrease in customer loyalty.

To achieve company goals, it is essential to help raise consumer awareness about the products or services offered, persuade consumers to purchase these products or services, and retain existing customers. Marketing encompasses various aspects, such as market research, product development, pricing, promotion, and distribution. Marketing can also assist an organization in understanding consumer needs and desires and creating strategies to fulfill those needs.

Previous research serves as the foundation for the development of research, which is useful for comparison and reference for future research. A study conducted by (Tsalatsa & Sudarwanto, 2021) titled "The Influence of Service Quality and Customer Satisfaction on Customer Loyalty at Diskusi Kopi Cafe in Gresik." The analytical technique used is multiple linear regression analysis. The results of this research indicate that service quality (X_1) partially has a positive and significant impact on customer loyalty with a significance value of 0.043. The research also shows that customer satisfaction (X_2) partially has a positive and significant impact on customer loyalty with a significance value of 0.032. The research results demonstrate that both service quality and customer satisfaction, when considered simultaneously, have a positive and significant impact on customer loyalty with a significance value of 0.043. With an Adjusted R Square value of 0.211, it means that 21.1% of customer loyalty is influenced by service quality and customer satisfaction.

The research conducted by (Hanny & Krisyana, 2022) with the title "The Influence of Service Quality, Brand Image, and Customer Satisfaction on Customer Loyalty in Cafes in Batam City." They applied the multiple linear regression analysis technique. A relationship is considered significant if the significance value (sig) is less than 0.05. The service quality variable significantly influences customer loyalty with a sig value of 0.001, and the beta value is 0.170, indicating a positive impact. The test results for the brand image variable show that it significantly and positively affects customer loyalty with a sig value of 0.000 and a beta value of 0.174. Lastly, the test results for the customer satisfaction variable also indicate a significant positive impact on customer loyalty with a sig value of 0.000 and a beta value of 0.543. In conclusion, it can be accepted because all of them are significant and have a positive impact. In summary, the higher the beta value, the greater the influence on customer loyalty. Therefore, it is found that independent variables such as service quality, brand image, and customer satisfaction can positively influence the dependent variable, which is customer loyalty.

The similarity between the author and the two researchers mentioned above is that they all conducted research on the influence of service quality on customer loyalty. However, the difference lies in the research subjects. The first researchers focused on Diskusi Kopi Kafe in Gresik, the second researchers on cafes in Batam City, and the author's research subject was Fortunate Coffee in Cemara Asri, Medan.

The aim of this research is to understand the influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan. This study is necessary because, based on the information and interviews

conducted by the author at Fortunate Coffee Cemara Asri, Medan, it was found that the service provided to customers is not satisfactory. For example, long waiting times, high prices that do not match the quality of food or beverages can make customers unhappy, and the lack of innovation, such as not updating the menu or concept, can become boring for loyal customers and lead them to seek alternatives.

Based on the background above, the author is interested in finding out "Is there an influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan?".

2. RESEARCH METHODS

2.1 Service Quality

Service quality is the level of service related to meeting customer expectations and needs (Armaniah et al., 2019). Service quality can be defined as focusing on meeting needs and requirements, as well as timely delivery to meet customer expectations. Service quality applies to all types of services provided by a company when the client is at the company (Purba et al., 2020). Service quality is a dynamic condition related to products, services, people, processes, and the environment where its quality assessment is determined at the time of the public service purchase (Dadang Suparman, 2020). According to (Armaniah et al., 2019), there are four characteristics of services:

1. Intangibility: Services cannot be seen, felt, smelled, heard, or touched before they are purchased and consumed.
2. Variability: Services are highly heterogeneous, meaning their form, quality, and type can vary significantly depending on who, when, and where the service is provided.
3. Inseparability: Unlike goods, which are typically produced first, then sold and consumed, services are often sold first and then produced and consumed at the same time and place.
4. Perishability: Services are perishable commodities, which means they cannot be stored for future use, resold, or returned.

2.2 Customer Loyalty

Customer loyalty is a high level of commitment from customers to repurchase in the future, even in the face of potential influences and marketing efforts that could lead to switching behavior (Halim, 2021). According to (Hurriyati, 2019), customer loyalty is a deep-seated commitment from customers to consistently subscribe or repurchase selected products/services in the future, despite the potential influence of situations and marketing efforts that could cause behavioral changes. According to (Lusiah, 2018), customer loyalty is an attitude from service providers who deliver their services well, resulting in consumers having a commitment to continue purchasing the goods and services offered. According to Zeithaml (Halim, 2021), there are three indicators of customer loyalty: (1) Consistently engaging in word-of-mouth communication; (2) Having no desire to switch to competitors; (3) Purchasing more products from the company.

2.3 Research Framework

This research utilizes a quantitative method with an associative research type. The location and place of the study were at Fortunate Coffee Cemara Asri, Medan, located at Jalan Boulevard Utara No. 8 Komplek Perumahan Cemara Asri, Medan. The research period for investigating Fortunate Coffee Cemara Asri, Medan, began in March 2023 and continued until June 2023. There are 2 variables used, namely service quality (X) as the independent variable and customer loyalty (Y) as the dependent variable. Sampling in this research is conducted using an incidental sampling technique. According to (Sugiyono, 2021), incidental sampling is a technique for determining samples based on coincidence, meaning anyone who coincidentally or incidentally encounters the researcher can be used as a sample if they are considered suitable as a data source.

According to (Sujarweni, 2022), the data sources in this research include: Primary data, data obtained directly from respondents through questionnaires, focus groups, panels, or from interviews conducted by the researcher with information sources. In this study, the author used a questionnaire provided to Fortunate Coffee Cemara Asri, Medan's customers to collect data systematically and accurately. Secondary data, data obtained from records, books, magazines such as company financial reports, government reports, articles, theoretical books, magazines, and other sources. In this study, the data obtained by the author is based on books, articles, and previous research by other students related to this research as references.

According to (Sugiyono, 2021), the data collection techniques in this research include: (1) Physical observation, observation is conducted to identify issues. (2) Unstructured Interviews, conducted to discover the root causes of the problems and identify appropriate solutions. (3) Questionnaires, used to be given to respondents with the aim of identifying respondent's answers.

In this study, the author used a Likert scale. The Likert scale is used to measure the attitudes, opinions, and perceptions of an individual or a group of people about social phenomena (Sugiyono, 2021). The criteria for research questionnaire scores are: Strongly Agree (SA) score 5 ; Agree (A) score 4; Neutral (N) score 3; Disagree (D) score 2; Strongly Disagree (SD) score 1.

2.4 Population and Sample

According to (Sugiyono, 2021), the population is a generalization area consisting of objects/subjects with specific quantities and characteristics determined by the researcher to be studied and then draw

conclusions from. The population in this research is customers who have made purchases at Fortunate Coffee Cemara Asri, Medan. The population in this study comprises 300 customers of Fortunate Coffee Cemara Asri, Medan. Author also uses the Slovin formula, as stated by (Sujarweni, 2022), which can be formulated as follows:

$$n = \frac{300}{1 + 300 (0.1)^2} \quad n = 75$$

Sample size in this study is 10% of the total population, which is 75 customers.

2.5 Data analysis methods

This research employs various methods of data analysis, including validity test, reliability tests, normality to examine data distribution, linearity to assess linear relationships among variables, correlation to measure the extent of variable relationships, coefficient of determination to gauge how well the model explains the data, simple linear regression to model variable relationships, and Z-test to test hypotheses in data analysis. These methods are utilized to determine the influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan.

3 RESULT AND DISCUSSION

3.1 Respondent Characteristics

Based on the results of the research conducted on 75 respondents through the distribution of questionnaires to Fortunate Coffee Cemara Asri, Medan customers. The total number of respondents used was 75, categorized by gender as shown in the following table:

Table 1. Description of Respondent Characteristics by Gender

Gender	Total (Person)	Percentage
Male	34	45.3%
Female	41	54.7%
Total	75	100%

Based on the table, it is evident that out of the 75 respondents, they can be divided into two categories based on gender. There are 34 males, which accounts for 45.3% of the total, and 41 females, representing 54.7%. This indicates that the majority of the research participants are female.

3.2 Validity Test and Reliability Test

According to (Sugiyono, 2019), to determine the validity of each statement item, you can correlate the scores of statement items with the total score (Y). An item is considered valid if the minimum correlation value reaches 0.3. Therefore, if the correlation between the scores of statement items and the total score is less than 0.3, the items in that instrument are considered invalid. According to (Duli, 2019), reliability is a tool used to determine how consistent measurement results are when measuring the same phenomenon multiple times with the same measuring instrument. The level of reliability for a research construct/variable can be assessed using the Cronbach Alpha (α) statistic. A variable is considered reliable if it has a Cronbach Alpha value greater than 0.60. The closer the Alpha value is to 1, the more trustworthy the data's reliability.

From the calculations using SPSS 26, as seen in the Pearson correlation column between the service quality and customer loyalty variables, it is considered valid if the corrected item is more than 0.3. Based on the results of the reliability testing conducted in this study, each indicator that has passed the validity test will be processed using Cronbach Alpha. A statement will be considered reliable if the Cronbach Alpha value is > 0.6 . Questionnaires were distributed for a pre-test to 30 respondents outside the sample, namely Teko Healthy Resto, Medan. The analysis was carried out to determine the validity of each question using SPSS 26, where the validity and reliability results for service quality and customer loyalty can be observed in the details below.

Table 2. Result of Validity and Reliability Test Service Quality and Customer Loyalty

No.	Corrected Items	Description	Cronbach's Alpha	Status	No.	Corrected Items	Description	Cronbach's Alpha	Status
X1	0.386	Valid	0,630	Reliable	Y1	0.619	Valid	0,777	Reliable
X2	0.413	Valid			Y2	0.681	Valid		
X3	0.727	Valid			Y3	0.854	Valid		
X4	0.349	Valid			Y4	0.802	Valid		
X5	0.740	Valid			Y5	0.794	Valid		
X6	0.738	Valid			Y6	0.459	Valid		
X7	0.375	Valid							
X8	0.595	Valid							

Based on the Table 2, it is known that there are 8 statement items in the service quality variable (X) that are considered valid because the corrected item values are > 0.3 , it is known that there are 6 statement items in the customer loyalty variable (Y) that are considered valid because the corrected item values are > 0.3 .

Based on Table 2, it can be concluded that the questionnaire statement items in the service quality variable are considered reliable because $0.630 > 0.60$, and it can be concluded that the questionnaire statement items in the customer loyalty variable are considered reliable because $0.777 > 0.60$.

3.3 Result of Normality Test

According to Widarjono (Duli, 2019), the normality test aims to determine whether the residual values are normally distributed or not. This test can be conducted using a histogram test, normal P-Plot test, Chi-Square test, Skewness and Kurtosis, or Kolmogorov-Smirnov test. Before we proceed with the actual analysis, the research data must undergo a test for the normality of its distribution. Good data is characterized by a normal distribution. The basis for decision-making in the normality test is as follows: if the significance value is greater than $\alpha = 0.05$, then the data is considered normally distributed. Conversely, if the significance value is less than $\alpha = 0.05$, then the data is not normally distributed.

Table 3. Result of Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		75
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	1.17632127
Most Extreme Differences	Absolute	.085
	Positive	.085
	Negative	-.078
Test Statistic		.085
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of the normality test, it is observed that the significance value is 0.200, which is greater than 0.05. Therefore, it can be concluded that the residual values follow a normal distribution.

3.4 Result of Linearity Test

According to (Gunawan, 2019), the linearity test is conducted to determine whether two variables have a significant linear relationship. The testing is done in SPSS using the Test for Linearity at a significance level of 0.05. Two variables are considered to have a linear relationship when the linearity significance is less than 0.05. The linearity test aims to determine whether two variables have a significant linear relationship. Testing is performed in SPSS using the Test for Linearity at a significance level of 0.05. Two variables are considered to have a linear relationship if the linearity significance is less than 0.05.

Table 4. Result of Linearity Test

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Customer Loyalty* Service Quality	Between Groups	(Combined)	111.767	10	11.177	66.540	.000
		Linearity	110.544	1	110.544	658.119	.000
		Deviation from Linearity	1.223	9	.136	.809	.610
Within Groups			10.750	64	.168		
Total			122.517	74			

In the table above, it can be observed that the significance value of the test is 0.000, which is lower than 0.05. Therefore, it can be concluded that there is a linear relationship between service quality and customer loyalty.

3.5 Result of Correlation

According to (Qomusuddin & Romlah, 2021), correlation analysis is the analysis of the relationship between two or more variables, specifically between independent variables and dependent variables.

Table 5. Result of Correlation

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.950 ^a	.902	.901	1.184	.902	673.985	1	73	.000

a. Predictors: (Constant), Customer Loyalty

b. Dependent Variable: Service Quality

From the above results, it can be concluded that the variables service quality (X) and customer loyalty (Y) are related because the value shows a positive outcome. The correlation coefficient value is 0.950, which means that service quality has a very strong relationship with customer loyalty.

3.6 Result of Coefficient Determination

The coefficient of determination (Sugiyono, 2019), a value that indicates the extent of the contribution of the independent variable to the dependent variable. Based on the Table 5 above, the R-Square value is 0.902, which means that the combined influence of the service quality variable (X) on customer loyalty (Y) is 90.2%.

This indicates that the impact of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan, is 90.2%, while the remaining 9.8% is influenced by other factors not examined in this study.

3.7 The Result of Simple Linear Regression

According to (Qomusuddin & Romlah, 2021), simple linear regression is a form of functional relationship between variables. The simple linear regression model can be represented by the following equation:

$$\hat{Y} = a + bX$$

Where:

Y = Dependent variable or response variable

X = Independent variable or predictor variable

a = Constant

b = Coefficient of the predictor

Simple linear regression is used to find the influence of one independent variable (X) on the dependent variable (Y).

Table 6. The Result of Simple Linear Regression

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients Beta			
	B	Std. Error				
1 (Constant)	8.606	.429		20.078	.000	
Kualitas Pelayanan	.325	.013	.950	25.961	.000	

a. Dependent Variable: Customer Loyalty

In the table above, in the Unstandardized Coefficients section, we obtain a simple linear regression equation as follows:

$$\text{Customer Loyalty} = 8.606 + 0.325 \text{ Service Quality}$$

Based on the equation above, it can be explained as follows: Constant (α) = 8.606 represents the constant value. If the value of the independent variable X, which is service quality, is 0, then customer loyalty will increase by 8.606. Coefficient $Xb = 0.325$ indicates that the service quality variable (X) has a positive influence on customer loyalty by 0.325. This means that for every increase of 1 unit in service quality (X), customer loyalty will increase by 0.325 units.

3.8 The Result of Hypothesis (Z-Test)

In this research, the researcher uses the Z-test. According to Sugiyono (Ling Sie Ni et al., 2022), the significance test for correlation coefficients uses the Z formula because the distribution is close to normal, and the Z-test is used when $n > 30$. To determine whether the hypothesis is significant or not, the writer will conduct a z-test as follow:

$$z = \frac{r}{\frac{1}{\sqrt{n-1}}} \quad z = \frac{0.950}{\frac{1}{\sqrt{75-1}}} \quad z = \frac{0.950}{0.116} \quad z = 8.27$$

The results of the hypothesis test show that the Z observed value is 8.27, and the Z critical value is 1.96, where $Z \text{ observed} > Z \text{ critical}$ ($8.27 > 1.96$). Therefore, if $Z \text{ observed} > Z \text{ critical}$, then H_a (alternative hypothesis) is accepted, and H_o (null hypothesis) is rejected. This means that there is an influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan.

4 CONCLUSION

Based on the test results and discussion in the previous chapter, the author can conclude that there is a significant influence between service quality and customer satisfaction on customer loyalty at Fortunate Coffee Cemara Asri, Medan. From the correlation results between service quality and customer satisfaction variables with customer loyalty, which is 0.950, it means that service quality has a very strong relationship with customer loyalty. A positive correlation value also implies that if the service quality at Fortunate Coffee Cemara Asri, Medan, improves, customer loyalty will also increase. The coefficient of determination, which yields an R Square value of 0.902, implies that the combined influence of service quality (X) on customer loyalty (Y) is 90.2%, indicating the substantial impact of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan. The remaining 9.8% is influenced by other factors not examined in this study. The hypothesis testing results indicate that the value of Z-test is 8.27, while the critical Z-table value is 1.96, where $Z\text{-test} > Z\text{-table}$ ($8.27 > 1.96$). Therefore, if $Z\text{-test} > Z\text{-table}$, H_a (alternative hypothesis) is accepted, and H_o (null hypothesis) is rejected, which means there is an influence of service quality on customer loyalty at Fortunate Coffee Cemara Asri, Medan.

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