

Conference Paper

The Effect of Service Quality and Customer Satisfaction on the Re-Patronage Intention of Customers at PT Liga Technic

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Abstract

The manufacturing industry is one of the sectors that is very significant in boosting economic growth in Indonesia. PT Liga Technic imports industrial burners, spare parts and service. PT Liga Technic has carried out business operations since 1987. This research was carried out to support the internal development process of PT Liga Technic. The study was conducted on customers of PT Liga Technic to determine the effect of service quality on customer satisfaction, customer satisfaction on re-patronage intention, and service quality on re-patronage intention. The minimum sample size was 30 and 32 respondents were included (Roscoe in Sugiyono 2012:91). The criteria for the sample were customers who had bought products from PT Liga Technic at least two times within two years. Based on the analysis results with the Partial Least Square (PLS) method, service quality had a significant effect on customer satisfaction, customer satisfaction had a significant effect on customer re-patronage intention, and service quality had a significant effect on re-patronage intention of customers at PT Liga Technic.

Keywords: customer service quality, customer satisfaction, re-patronage intentions

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1. Introduction

PT Liga Technic, a company engaged in industrial burners import, has shown declining service quality, which has resulted in a decreasing trend in customer satisfaction. From the experiences and memories captured by every PT Liga Technic customer, it is very likely that every PT Liga Technic customer will tell or reference the experience they have had to others. Loyal customers will bring benefits to a company because without advertising and various marketing strategies, and they will remain loyal to the company. On the other hand, an enormous replacement cost is needed, such as placing advertisements, providing promotions only to attract new customers to become loyal customers. Then by creating a good and memorable experience for someone, it is likely

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that that person will spread good experiences to others by means of word of mouth (WOM). There are several factors that can affect a person's buying interest, one of which must be a strong relationship so that it can affect someone's buying interest over and over again. In the field of burner sales, where PT Liga Technic's target customers are mostly industrial factories (business to business selling), it is necessary to have a match not only in product sales but also in service quality, where service quality will lead to customer satisfaction, which will result in customers re-patronage intentions (Fen and Lian in Indri and Siagian 2018) [1].

2. Methods

2.1. Research Design

The research method used in this study was a quantitative method. Data collections were carried out by distributed questionnaires.

2.2. Place and Time of Research

This research was conducted approximately two months, from February 2020 to June 2020. The research was conducted online and direct.

2.3. Population and Sample

The population in this study were all PT Liga Technic's customers which amounted to 200. However, due to limitations conducted the research, samples were taken from the entire population of PT Liga Technic's existing customers. This study used a non-probability sampling method with the criteria of respondents. The criteria for the selected respondents were respondents who had at least two years made a minimum purchase of two times at PT Liga Technic. The number of samples taken for this study was the minimum sample size of 32 samples.

2.4. Data Collection Methods

Data collection in this study was carried out by means of sampling techniques, which were be given a list of questions to respondents in the form of a questionnaire. Then the answer to each question was determined by the value or score using a Likert scale.

2.5. Definition and Measurement of Variables

TABLE 1: Research Variables

No.	Variable and Definitions	Indicator
1.	Service quality is a unit which includes the quality of processes and results that affect customer satisfaction felt by customers (Keshavarz and Jamshidi 2018).	Tangible is physical evidence that a company has in showing its existence. Services include equipment, employees and means of communication. Reliable is the ability and reliability in carrying out the promised service. Responsiveness is responsiveness and willingness to help provide the right customer service and can handle complaints. Assurance is a guarantee of knowledge and politeness from employees to build trust from customers. Empathy is the willingness to pay special attention to each customer.
2.	According to Kotler & Keller (in Andayani, 2017), customers satisfaction were the level of a person's feelings where they have been compared the perceived performance or results with their expectations. [2]	Suitability of service quality with expectations. The level of satisfaction when the product or service is compared to a similar one. There are no complaints or complaints addressed to the company.
3.	Re-patronage intentions were defined as an individual's assessment of services in buying from the same company in light of the situation (Hellier et al. In Tan 2017). [3]	Transactional Interest is a person's tendency to buy a product or service. Explorative interest is the behavior of a person who is always looking for information about the product of interest. Preferential Interest is Describing the behavior of someone who has a primary preference in a product or service. Referential Interest is a person's tendency to refer

2.6. Data Analysis Methods

The analysis method in this study was carried out by means of a quantitative approach that went through the Partial Least Square (PLS) stage. Then, to analyze the data through the Partial Least Square (PLS) program, The Outer Model Test with the reflective model variable; Convergent validity, Discriminant Validity, Composite Reliability, Cronbach's Alpha, and Inner Model Testing by used the prediction relevance method and looked at the coefficient of determination or commonly known as R², and then followed by the T-test was carried out.

3. Results

Based on the data collected, the respondents' answers are recapitulated and then analyzed to determine each variable and each indicator. After that, the results can be categorized as:

3.1. Data Analysis Results

Descriptive analysis obtained from respondents which aims to describe the respondents' answers to the statements in the research questionnaire taken from each variable. The table below shows the rating categories used based on the Likert scale.

TABLE 2: Evaluation Category

Likert Scale	Category
1	Strongly disagree
2	Disagree
3	Agree
4	Strongly agree
5	Strongly agree

3.1.1. Characteristics of Respondents

Overall, the respondents were 32 respondents. Where as many as 32 respondents or all of them meet the criteria that have been determined in the early stages of the study, namely:

- Respondents are customers of PT Liga Technic.
- Respondents have made purchases at least two times in two years at PT Liga Technic.
- The respondent is the owner, purchasing manager or technician of the respondent company.

TABLE 3: Respondent Profile Data A

Total Respondents		Frequency	Percentage
Conducting transactions with PT Liga Technic	2-3 times	9	28.1%
	4 times	11	34.4%
	5 times more	12	37.5%
Total		32	100%

From Table 3, it is known that there are 32 respondents who have purchased products from PT Liga Technic at least two times. A total of 12 people (37.5% of respondents) have made transactions more than five times. As many as 11 people (34.4% of respondents) had made transactions four times, 9 people (28.1% of respondents) had made transactions 2-3 times. The total data used in this research is 32 data collected online.

TABLE 4: Respondent Profile Data B

Total Respondents		Frequency	Percentage of
Knowing PT Liga Technic	Website	7	21.88%
	Past customers	11	34.38%
	Google	14	43.75%
Total		32	100%

In Table 4, it is known that 43.75% know PT Liga Technic via google search. As many as 34.38% knew about PT Liga Technic through previous customers, and 21.88% knew about PT Liga Technic through the official website of PT Liga Technic. From the data above, PT Liga Technic needs to expand online advertising and not only rely on word of mouth so that even old customers who have lost contact can easily find PT Liga Technic.

TABLE 5: Respondent Profile Data C

Total Respondents		Frequency	Percentage of
Position / division in the company	Owner / director	11	34.38%
	Purchasing	10	31.25%
	Technician	11	34.38%
Total		32	100%

In Table 5, it is known that there are 34.38% of respondents who are directors or company owners and technicians, and as many as 31.25% are from the purchasing division. So it can be known that the actual purchase depends on these three divisions, and the balance can be seen. Technicians are people who understand how to operate machines so that if they are compatible with the product, they will tend to look for the same company for their purchases. At the same time, purchasing is the person who is responsible for negotiating prices and more critically because it relates to the efficiency of company spending. Meanwhile, the owner or director is a person who is usually more concerned with all aspects and can make quick decisions, which, if they are already compatible with a company, there will be lots of possibilities for re-patronage intention.

There are several inputs/feedbacks that have been summarized by the researchers from the results of the questionnaire. The highest result is 21.88%, which is about speed in providing prices without having to wait too long. Then 15.63% regarding product knowledge & skills that need to be improved for staff and technicians, speed and accuracy in delivery, manual books that are easy to understand for machine operations, need a fast response to buyers (via telephone or WhatsApp). Then 9.38% is an extension of the warranty, and 6.35% is a special discounted price for new pioneers or business startups. Therefore, from the results of the data processing, most of them show that

there must be a concern about the speed and accuracy system. PT Liga Technic can further increase the speed in response and pricing areas. Having a price list and a manual book for customers can also make it easier for both parties so that services can be faster and more efficient.

3.2. Analysis of Research Variable Descriptions

3.2.1. Variable Service Quality (X1)

Based on Table 5.3, it can be seen that the description of respondents' answers to the service quality variable has an average value of 3.894. The highest indicators in this variable are variables X1.1 and X1.2, which have the same average of 4.06, where X1.1 is an indicator of tangible and reliability. The lowest in this variable is X1.4, which is the assurance indicator. The lowest standard deviation is owned by the X1.5 indicator, namely 0.435, which means that the respondent's answer to this indicator is the most homogeneous compared to the respondent's answer to other indicators.

3.2.2. Variable Customers Satisfaction (X2)

Based on Table 5.4, it can be seen that the description of the respondents' answers to the variable customer satisfaction has an average value of 3.838. The highest indicator in this variable is variable X2.3, which has an average of 4.38, where X2.3 is an indicator of value. In comparison, the lowest variable among the variables is X2.1 and X2.2, which are indicators of quality and expectation. Then the lowest standard deviation is owned by the X2.1 indicator, which is 0.448, which means that the respondent's answer to this indicator is the most homogeneous compared to the respondent's answer to other indicators.

3.2.3. Variable Re-patronage Intentions (Y)

Based on Table 5.5, it can be seen that customers can find sufficient information about PT Liga Technic's products and become the primary preference in the selection for product purchases at PT Liga Technic.

3.3. Outer Model Evaluation

3.3.1. Outer Model Test

Convergent Validity

In Table 5.6, it can be seen that the outer loading value of each indicator has a value above 0.7 so that it meets the specified limits. So that all indicators in this test can be said to be valid.

Discriminant Validity

In Table 5.7, it can be seen that each indicator measuring each variable has met discriminant validity because it has the biggest outer loading value compared to the others.

Average Variance Extracted (AVE)

In Table 5.8, it can be seen that all variables have a value above 0.5 so that they can be declared valid.

Reliability Test In Table 5.9, it can be seen that the value of composite reliability is bigger than 0.7, and for Cronbach's alpha, the value is bigger than 0.6. So thus, in this study, each variable shows the existence of accuracy, accuracy, and consistency.

3.4. Inner Model Evaluation

In Figure 5.1, it can be seen that the value of the coefficient of determination or (R^2) has been shown in the figures contained in the circle of customer satisfaction (X2) and re-patronage intentions (Y). So it can be said that the customer satisfaction variable greatly influences re-patronage intentions or repeated buying interest in the PT Liga Technic company.

3.4.1. R Square

From Table 5.10, it can be seen that there is a correlation between variables through the R square test, where the data can show that service quality is very influential on customer satisfaction by 0.430 and for re-patronage intentions of 0.852, which is in the good category.

3.4.2. Q Square Test

Based on the results of calculations using the Q square, the model has an excellent and substantial predictive relevant value, which can be due to the value of Q square is more than 0.35. So it can be concluded that this model has been well observed, and customer satisfaction has a predictive value of re-patronage intentions of 78%.

3.5. Path Coefficient & T-Statistic

Based on Table 5.12, it shows that the most considerable t-statistics value is the relationship between service quality variables and re-patronage intentions, which is 15.414, and the t-statistics value of the relationship between service quality variables and customers satisfaction is 11.812. Then the relationship between customer satisfaction and re-patronage intentions is 8,707.

3.6. Hypothesis Testing

H1: Service quality has a significant effect on customers satisfaction in PT Liga Technic

H2: Customers satisfaction has a significant effect on re-patronage intention of customers at PT Liga Technic

H3: Service quality has a significant effect on re-patronage intention of customers at PT Liga Technic

4. Discussion

4.1. Service Quality on Customers Satisfaction

Based on the research results, the variable service quality has a positive and significant effect on customer satisfaction that can be accepted. The formulation of the first problem in this study has been answered. In this case, PT Liga Technic must be able to provide the best service quality to customers, so that customer satisfaction occurs. Having modern facilities and tools that comply with international standards and having a communication system that is easy to contact is one of the indicators that have the highest mean. This shows that these factors are very influential on customers because PT Liga Technic is engaged in a field that must be aware of technology so that it must be updated with tools that comply with international standards. The reliability indicators related to history

purchasing, stock items, and on-time delivery also have the highest mean. This shows that customers expect PT Liga Technic to have a purchasing history record so that it is easy to track, stock items are always there, and there is ontime delivery. The results of this study support the research of Kamra et al. in Yeo, Tan, and Goh (2017) [3] that there is a very close and significant relationship between good service quality that creates customer satisfaction.

4.2. Customers Satisfaction with Re-patronage Intentions

Based on the research results, the customer satisfaction variable has a positive and significant effect on re-patronage intentions that can be accepted. The formulation of the second problem in this study has been answered. In this case, the value has the highest mean so that it can be seen that the customer sees the value provided by PT Liga Technic to each of its customers. So that PT Liga Technic can increase the value they have, such as price and quality that are appropriate and the ease of operation of the product. This supports the research of Oliver (in Bahrudin and Zuhro 2015) [4] and Jouyani et al. (in Yeo 2017) [3] that when customers have experienced the products or services offered by a company, it will be effortless for customers to share their experiences with others so that and there will be repatronage intentions or continuous purchases.

4.3. Service Quality on Re-patronage Intentions

Based on the research results, the variable service quality has a positive and significant effect on repatronage intentions that can be accepted, and the formulation of the third problem in this study has been answered. In this case, it is the preferential indicator with the highest mean and is related to the main preference in selecting industrial burners. So that PT Liga Technic can continue to improve service quality in order to create repatronage intention from PT Liga Technic's customers. This supports the research that there are several types of customers which there will assess the service they receive so that they will evaluate and decide to make a purchase decision (Kotler and Keller (2016: 423)) [5] and is also supported by research from Panichpathom (2016) [6] which says that the re-patronage intention variable must be considered because it is a powerful tool to measure the service quality of a company.

4.4. Managerial Implications

The study results state that service quality and customer satisfaction have a significant effect on repatronage intentions of PT Liga Technic, where these variables are essential factors in increasing customer satisfaction of PT Liga Technic. So through this research, it is hoped that it can help PT Liga Technic improve service quality and customer satisfaction so that re-patronage intentions are created and can help plan future strategies.

5. Conclusion

The conclusions that can be drawn in this study are as follows:

1. Service quality has a significant effect on customer satisfaction at PT Liga Technic. From the research results, it is known that the value of t-statistics, which is the relationship between service quality variables and customer satisfaction is 11,812, which is stated to have a significant effect. It can also be concluded that there is a very close and significant relationship between good service quality that creates customer satisfaction.
2. Customer satisfaction has a significant effect on the re-patronage intentions of customers at PT Liga Technic. This can be seen from the t-statistics value, which is the relationship between the customer satisfaction variable and re-patronage intention, which is 8,707, which is stated as significant. It can also be concluded that when customers have experienced the products or services offered by a company, it will be effortless for customers to share their experiences with others so that there will be re-patronage intentions or continuous purchases (Oliver in Bahrudin and Zuhro 2015 and Jouyani et al. in Yeo 2017) [4].
3. Service quality has a significant effect on the re-patronage intention of customers at PT Liga Technic. The most significant t-statistic value is the relationship between service quality variable and re-patronage intentions, which is 15,414, where the result has a significant effect. From the research, the re-patronage intention variable is crucial to note because it is a powerful tool to measure the service quality of a company.

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Conflict of Interest

The authors have no conflict of interest to declare.

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