The Effect of Service Quality on Trust and Loyalty for Giant Customers in Malang City

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Abstract
This study aims to obtain empirical evidence about the effect of service quality on customer trust and loyalty as well as the influence of trust on customer loyalty of Giant in Malang. The population of this study is the Giant customers who already have a Giant shopping card and are shopping at the time being. Those are 100 respondents who are considered as the sample of this study. Data analysis used in this research is Path analysis. The results showed that service quality directly affects customers’ trust, service quality directly affects customer loyalty, and customer trust is able to mediate the influence of service quality on customer loyalty in Malang.

Keywords: Service quality; Trust; Consumer loyalty

Introduction
The presence of foreign hypermarkets such as Giant, Hypermart, Macro and other retail formats has created a keen competition with local modern retail and traditional markets. They expansively develop networks in the provincial/district capitals and have a dominant power in controlling the supply of goods so that the prices of goods can be controlled and consumer expectations of the modern retail are increasing day by day. Hypermarket has also demonstrated its dominance in modern market even in 2009 and this modern retail type is estimated to have mastered 38.5% of total modern retail [1].

The development of this hypermarket can already be felt in Malang, starting with the opening of Alfa retailindo which starting operated in 2000, then in the acquisition by Giant, followed by the Matahari hypermart in 2007 and then Giant in 2009. The development of this hypermarket has to do with purchasing power. The increasing population in Kota Malang also the increasing number of population in the year 2010 the population of Malang City is 820,243 inhabitants, with growth rate of 3.9% per year. In addition, Chairman of DPC Association of Indonesian Retail Entrepreneurs (Aprindo) Malang, Agus Setiawan AG added that the potential of Malang for the development of retail business is still very good. The economic rate of the community is also much increased compared to other cities in East Java. The people of Malang have also been reduced and started to demand a higher level of comfort. In addition, Agus Setiawan AG added that the city of Malang alongside the city of Jember that is currently a favorite investor for retail businesses in East Java.

For companies engaged in services, especially retail services, competitive advantage is often strived in the form of superior service. According to Wahlers and Cox [2] states that a precise and accurate strategy in service quality is an important factor affecting competitive advantage when properly planned and implemented. In addition, the quality of service, a truly reliable advantage in competition is how companies are able to deliver good imagery. Although the image is something that is abstract and cannot be measured systematically, but its form can be felt from the results of research, good and bad coming from the audience or the wider community. Such judgments or responses may be related to the emergence of respect, good impressions rooted in the values of trust.

For the company, achieving customer loyalty is a highly desirable thing because loyal customers will be more profitable than less loyal customers. This is in accordance with the Pareto 80/20 law put forward by Italian researchers, who claim 80% of the company's profits are contributed by only 20% of loyal customers. In addition, loyal customers will benefit from free promotions from customers, because loyal customers do not hesitate to recommend their products and or services to their relatives, colleagues, friends, acquaintances and relations.

The effort to establish a loyal customer cannot be separated from customer trust to the service provider. Ramsey and Sohi (1997) argued that trust is an important element that affects the quality of a relationship. Consumer confidence in service providers will increase the value of the relationships that exist with service providers. Morgan and Hunt [3] also add that the high confidence will have an effect on the decrease in the possibility of moving to other service providers.

Trust literature suggests that beliefs in trust worthies are reliable and of high integrity, accompanied by certain qualities that are consistent, competent, honest, fair, responsible, helpful and good [3]. Trusts arise from a long process until both sides trust each other. If trust is established between the customer and the company, the effort to develop it is not too difficult. In the process of forming trust (trust), Doney and Canon (1997) in Johnson and Grayson [4] describe in detail the factors that influence it such as, corporate reputation, large/small companies, mutually exciting, both between customers and companies and between customers and company employees. Consumer confidence is believed to play a role in establishing customer perceptions in their relationships with service companies [5].

Based on the description, it can be explained that trust in the company will be affected by the quality of services provided. In general the quality of service (service quality) is the attitude or global assessment of the benefits of the service, although the real scope of this attitude there is no uniformity of opinion [6]. Service quality is often conceptualized as a comparison of expectations with perceptions

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Received October 05, 2017; Accepted October 23, 2017; Published October 30, 2017


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of actual performance of services [7,8]. Quality must start from customers' needs and end in customer perception [9]. This means that good quality is not from the perspective or perception of the service provider, but based on the point of view on the customer's perception. It is the customers who consume and enjoy the services of the company so that the customer should determine the quality of the service. The customer's perception of the quality is a thorough assessment of the services of a service.

Seigyoung [10] found evidence that perceived performance excellence affects trust and loyalty. Different results are shown by Chiou and Droge [11] found that service quality facilities do not affect satisfaction and trust, but interactive service quality affects satisfaction and trust. Some results of empirical studies that examine the effect of service quality on loyalty conducted by Caruana [12] states that the quality of service affects the loyalty of customers either directly or indirectly with customer satisfaction diantarai. Different results are shown by O’loughlin and Coenders [13] and Cristobal et al. [14] that service quality does not affect loyalty.

Based on the phenomenon and pointed at the results of previous empirical studies that still show the contradiction of research results about the relationship between service quality and loyalty then the problem raised in this study is “How to increase trust and loyalty of Giant customers in Malang?”.

Literature Review

Theory and hypothesis development

Service quality is a global attitude or judgment about the superiority of a service, although the true scope of this attitude is disagreeable [6]. Service quality is often conceptualized as a comparison of expectations with actual performance perceptions of services [8,15]. Quality must begin from customer needs and end in customer perception [16].

Seigyoung [10] found evidence that perceived performance excellence affects trust. Likewise Yusuanto [17] found evidence that the quality of services as measured by tangibles, reliability, responsiveness, assurance and empathy will increase public confidence in transactions through e-commerce in Indonesia.

Based on the result of empirical study, hence this research hypothesis as follows:

H1: Service quality directly affects customers' trust.

Bei and Chiao [18] found evidence that service quality is the same as a basis for motivating the realization of consumer loyalty. Caruana [12] in his research stated that the quality of service gives a significant influence on customer loyalty either directly or indirectly with customer satisfaction disseminated. Puspita et al. [19] concluded that there is a significant influence between services on customer loyalty of BNI credit card.

Based on the result of empirical study, hence this research hypothesis as follows:

H2: Service quality directly affects customer loyalty.


Based on the result of empirical study, hence this research hypothesis as follows:

H3 customer trust directly affects significantly to customer loyalty.

In addition to testing the influence directly, in this study wanted to do a test about the influence indirectly. Darsono [22] concluded that the role of satisfaction and trust as mediator of perceived service quality and loyalty relationship. Gwin [23] found evidence that there is a relationship between trust and brand quality and will have an impact on perceived value and loyalty to the brand.

Based on the result of empirical study, hence this research hypothesis as follows:

H4 Customer trust mediates the influence between service quality and customer loyalty.

Research Methods

Types of research

In accordance with the subject matter and research objectives, this research uses explanatory research type of research, the research is intended to describe the relationship pattern or influence between two variables or more, the pattern of the relationship can be symmetrical, causal and reciprocal [24]. Pattern of influence to be revealed in this research is the influence of service quality and image to customer trust and customer loyalty Giant Malang.

Population and sample research

The population in this study is a Giant customer who already has a Giant shopping card and at the time of research was shopping at Giant. Since the number of population cannot be known exactly, then the size of the sample with reference to the opinion expressed by Solimun [25] that the determination of the size of sample size is equal to 5 to 10 times the number of manifest variables (indicators) of the entire latent variable. Based on these provisions, the sample size used is 10 x 10 = 100 respondents. Subsequently distributed to two Giant hypermarkets in Malang City. Details of the number of samples available on two Giant hypermarkets in Malang City.

After distributed to two Giant hypermarkets in Malang City, then next done sampling technique used purposive. The criterion of research sample is 1) The selected sample/respondent is the customer who owns the Giant shopping card and is willing to fill out the questionnaire; 2) A qualified sample/respondent is identified when the customer completes a payment at the cash register.

Definition of operational variables

The operational definition of a variable is a research element that tells how to measure a variable that contains an indicator that allows the researcher to collect relevant data for that variable. The variables in the study are

Quality of service (XI): Quality of service is the customer's assessment of the quality of service Giant which includes indicators proposed by Valarie and Bitner [15] namely physical evidence, reliability, responsiveness, assurance and empathy. Physical evidence includes space for shopping and the appearance of clean and tidy employees, reliability of fast and reliable service delivery, responsiveness includes the ability of employees to provide information and assistance to customers, while collaterals include products sold and a sense of security when purchasing, and empathy covers the attention and sincere service of employees to customers.

Customer trust (Y1): Trust is the customer's belief in the
purpose and behavior of the Giant in providing service to him. The indicators used to measure confidence refer to Mayer’s opinion in Kim et al. [26] namely the ability (ability), benevolence (good), and integrity (integrity). Ability includes the provision of convenient and appropriate services, the virtue includes a high attention to the quality of goods sold, while integrity includes fulfillment of customer tastes and product quality.

Customer’s loyalty (Y2): Customer loyalty is a customer intention to make future purchases, not to switch to another service provider or brand, and to provide positive information to others. The indicator used to measure customer loyalty refers to the opinion of Andreassen and Lindestad [27] namely the desire to always buy and the desire to recommend to relatives or others.

Data Analysis Method

Data analysis used in research using Path Analysis (Path Analysis). Path analysis is a form of application of multiple regression using path diagrams as an indication of complex hypothesis testing. Analysis of this path can be done to estimate the magnitude of the effect either directly or indirectly. The presence or absence of a direct influence of service quality on customer trust and loyalty is tested by t test. Criteria accepted or rejected testing hypothesis one and seven as follows: if probability <5% then H0 rejected; H1 is accepted and if the probability is >5% then H0 is received; H1 is rejected.

While to investigate customer confidence mediating the effect of service quality on customer loyalty, it is necessary to compare between total influence and direct influence. If the total influence is greater than the direct effect, then the hypothesis is tested, so that customer trust variables mediate the effect of service quality on customers’ loyalty.

Result and Discussion

Results of hypothesis testing results

The hypothesis proposed in this research is: 1) the quality of service directly has a significant effect on customer trust; 2) customer confidence directly has a significant effect on customer loyalty; 3) the quality of service directly has a significant effect on customer loyalty. The results of hypothesis testing in this study are presented in Table 1.

Hypothesis 1: The quality of service directly affects significantly on customer trust.

The result of hypothesis testing about the influence of service quality to customer trust resulted t value of statistic equal to 2.968 with p-value equal to 0.000. Because p-value is smaller than statistically significant at α=5%, so the hypothesis that customer trust directly influence significant to customer loyalty is acceptable, this result shows that the higher the customer trust, the higher the customer loyalty in Giant in Malang.

Hypothesis 3: The quality of service directly has a significant effect on customers’ loyalty.

The results of hypothesis testing about the effect of service quality on customer loyalty resulted in a statistical t value of 4.780 with p-value of 0.000. Since the p-value is smaller than the statistical significance at α=5%, so the hypothesis that the quality directly affects customer loyalty is acceptable; this result shows that the better the service quality the higher the customer loyalty to the Giant Malang city.

The effect of causality between variables, direct, indirect and total influence in the path analysis framework presented in Table 2.

Hypothesis 4: Customer confidence mediates the quality of service to customer loyalty. Based on Table 2, it can be explained that the direct impact of service quality on customer loyalty coefficient value of 0.359 while the total coefficient of influence of 0.471. The total influence is greater than the direct influence, and then the hypothesis tested, so that customer trust variables mediate the influence of service quality on customers’ loyalty.

Discussion

Based on the results of data analysis, it shows that the quality of service significant effect on customer trust. These results can be explained that customers will feel confident in Giant if the quality of service received in accordance with the wishes of customers. That is, Giant as a retail company, the problem of service quality becomes the decisive factor in business success. Service quality is a form of customer assessment of the level of service received (perceived service) with the expected service level [9].

Based on the analysis results can be described that customers will believe in the Giant to pay attention to physical facilities, including cleanliness and convenience of space for shopping and neatness of employees. Similar to physical evidence, the existence of unobstructive customer service procedures, such as giant employees in helping customers quickly and swiftly, inform the customer appropriately, providing the service to the visitor sincerely (wholeheartedly). In addition, employees are able to create close family relationships and while communicating using empathy, where employees hear more when customers complain, so employees can dig deeper into customer wishes and complaints, which employees can then offer the solution.

The results of this study expand the study conducted by Seigyoung [10] found evidence that perceived performance excellence affect the trust. Likewise, Yuswanto [17] found evidence that the quality of services as measured by tangibles, reliability, responsiveness, assurance and empathy will increase public confidence in transactions through e-commerce in Indonesia.

<table>
<thead>
<tr>
<th>The effect between variable</th>
<th>Path coefficient</th>
<th>P-value</th>
<th>Ket</th>
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<tbody>
<tr>
<td>Service quality → Trust</td>
<td>0.262</td>
<td>0.004</td>
<td>Sig*</td>
</tr>
<tr>
<td>Trust → Customer’ loyalty</td>
<td>0.426</td>
<td>0.000</td>
<td>Sig*</td>
</tr>
<tr>
<td>Service quality → Customer’ loyalty</td>
<td>0.359</td>
<td>0</td>
<td>Sig*</td>
</tr>
</tbody>
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Table 1: Influence between variables.

<table>
<thead>
<tr>
<th>The effect between variables</th>
<th>Direct effect</th>
<th>Indirect effect through Y1</th>
<th>Total effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality → Trust</td>
<td>0.262</td>
<td>-</td>
<td>0.262</td>
</tr>
<tr>
<td>Trust → Customer’ loyalty</td>
<td>0.426</td>
<td>-</td>
<td>0.426</td>
</tr>
<tr>
<td>Service quality → Customer’ loyalty</td>
<td>0.359</td>
<td>(0.262) x (0.426)=0.112</td>
<td>0.471</td>
</tr>
</tbody>
</table>

Table 2: Direct, indirect and total variables influence.
With regard to the quality of service affecting Giant customer loyalty, it can be explained that customer loyalty will increase if the quality of service received in accordance with the wishes of Giant customers. That is, to maintain customer loyalty, Giant must be able to maintain the quality of service that includes physical evidence such as space for shopping clean and neat and neat appearance of employees; Reliability factors such as delivering services quickly and reliably (reliable in delivering services to buyers); Responsiveness factors such as employees can inform customers exactly and are always willing to provide assistance to visitors if visitors need help; Guaranteed factors such as products that are guaranteed quality and feel amam make purchases and empathy factors such as employees pay attention to the visitors and provide services to visitors sincerely (wholeheartedly). The results of this study strengthen the study conducted by Darsono [22] concluded that the role of satisfaction and trust as mediator of perceived service quality and loyalty relationship. Gwin [23] finds evidence that there is a relationship between trust and brand quality and will have an impact on perceived value and loyalty to the brand.

Conclusion

Based on the results of analysis and discussion of this research it can be concluded that Quality of service directly affects customer trust. It can be said that customers will believe in Giant if Giant attention to physical facilities, including cleanliness and comfort of space for shopping and neatness of employees. Similar to physical evidence, the existence of unobtrusive customer service procedures, such as giant employees in helping customers quickly and swiftly, inform the customer appropriately, providing the service to the visitor sincerely (wholeheartedly). In addition, employees are able to create close family relationships and while communicating using empathy, where employees hear more when customers complain, so employees can dig deeper into customer wishes and complaints, which employees can then offer the solution. Customer trust directly affects customer loyalty. It can be explained that the trust that can increase customer loyalty is based on a sense of confidence in the ability to provide comfort when shopping, the ability to provide comfort when shopping, has a character where visitors are served quickly, have a high attention to the quality of goods sold, able to meet customer tastes Of products sold and the quality of products sold can be trusted. Quality of service directly affects customer loyalty. It can be said that customers will believe in the Giant if Giant can maintain a quality service that includes physical evidence such as clean and neat shopping spaces and neat employee appearance; Reliability factors such as delivering services quickly and reliably (reliable in delivering services to buyers); Responsiveness factors such as employees can inform customers exactly and are always willing to provide assistance to visitors if visitors need help; Guaranteed factors such as products that are guaranteed quality and feel amam make purchases and empathy factors such as employees pay attention to the visitors and provide services to visitors sincerely (wholeheartedly). The results of this study strengthen the study conducted by Darsono [22] concluded that the role of satisfaction and trust as mediator of perceived service quality and loyalty relationship. Gwin [23] finds evidence that there is a relationship between trust and brand quality and will have an impact on perceived value and loyalty to the brand.

Suggestion

Based on the above conclusions, the suggestions and implications of this research are: In order to increase customers' trust that ultimately provides loyalty to Giant in Malang, then Giant management in Malang City needs to provide excellent service quality to its customers. The quality of services performed in the form of space for net shopping, employees deliver services quickly and reliably (reliable in delivering services to buyers); Products guaranteed quality and the attention to the visitors and provide services to visitors with sincerity (wholeheartedly). To increase customers' trust which ultimately provide loyalty to Giant in Malang City, then Giant management in Malang City need to give...
good imaging to its customers. Imagery is done by improving good reputation in providing services, running a Really Cheap program that is designed to benefit customers and the concern for the development of SMEs, always maintain the quality of products offered at a more competitive price. For future researchers, it is necessary to examine the effect of service quality on the image so that it will produce a more perfect study.

References