

THE EFFECT OF PRODUCT QUALITY AND SERVICE QUALITY ON CUSTOMER LOYALTY MEDIATED BY CUSTOMER SATISFACTION (EVIDENCE ON KHARISMA STORE IN BELU DISTRICT, EAST NUSA TENGGARA PROVINCE)

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ABSTRACT

This research was very interesting, because of selection for places in East Nusa Tenggara Province, which was conducted at the Kharisma store, was addressed at Jalan Pramuka Pasar Baru Atambua, Berafu Village, Atambua Barat District, Belu District. The subject was chosen, besides that selling agricultural supporting products such as plants, also selling various kinds of vegetable seeds, chemical fertilizers, honey, animal feed, making it easier for customers to shop at the place. This study was used quantitative methods with primary and secondary data. The results are indicate that product quality and service quality greatly determine customer satisfaction. In this case, the Kha-risma store must continue to innovate and use the right strategies to continue to increase customer satisfaction and create customer loyalty.

Key words: product quality, service quality, customer loyalty, customer satisfaction

INTRODUCTION

In the business world, the level of competition is increasingly sharp between business companies. An advancement of technology in this globalization, every compa-ny always strives to improve product quality and service quality with the aim of maxim-izing profits according to the desired target of each company. The increasingly fierce competition has spread to all business sectors, so the competition between each company is getting tighter.

The Central Statistics Agency (BPS) is indicated that the agricultural sector is one of the main drivers in Indonesia's economic development. BPS noted that all busi-ness fields had a positive growth throughout the second quarter of 2018. Population growth had an impact on increasing staple food needs and had to be available at all times. Where, a higher the population, a higher the production support demand. As the economy in agriculture increases, the demand for agricultural supporting products also increases also. These producers to compete can encourage various products and services to customers, such as supporting products in the agricultural sector. The need for these supporting products continues to increase, because of the demand to produce more qual-ity and quality agricultural supporting products.

In the province of East Nusa Tenggara almost 85% of the people are looking for farmers, so agricultural companies compete to attract customers. One of the agricultural shops in NTT province, Belu Regency is Toko Kharisma. Toko Kharisma is located on Jalan Pramuka Pasar Baru Atambua, Belu Regency, which is one of the shops that sells agricultural supporting products. Based on observations of information with 5 farmers from Atambua and 1 employee from the Office of Food and Horticulture, stated that Toko Kharisma is one of the famous figures in Atambua, because it has superior service by providing education to each of its customers.

A phenomenon is the inventory of products available at Toko Kharisma is some-times late, so customers switch to other stores. This is a problem that must be noticed by the charisma store in order to keep customers from buying products to other stores. But on the other hand, Toko Kharisma has advantages in different services, so if customers buy products to other stores, they will return to Toko Kharisma after the product is available again.

By basing phenomena, problems, research gaps will be reviewed by GAP re-search in this study. GAP research in this study is as follows:

Table 1. Research Gap

Research Gap	Relations between variables	Results	Researchs
Inconsistent Results	Products effect to customer loyalty	Significant effect	Pedeliento, <i>et al.</i> (2016); Tomaz and Barbara (2010)
		Not significant effect	Bahar and Sjaharuddin (2015)
	Loyalty effect to customer	Significant effect	Meesala and Paul (2018)
		Not significant effect	Chang and Yeh (2017)

Source: Reference Processed, 2019

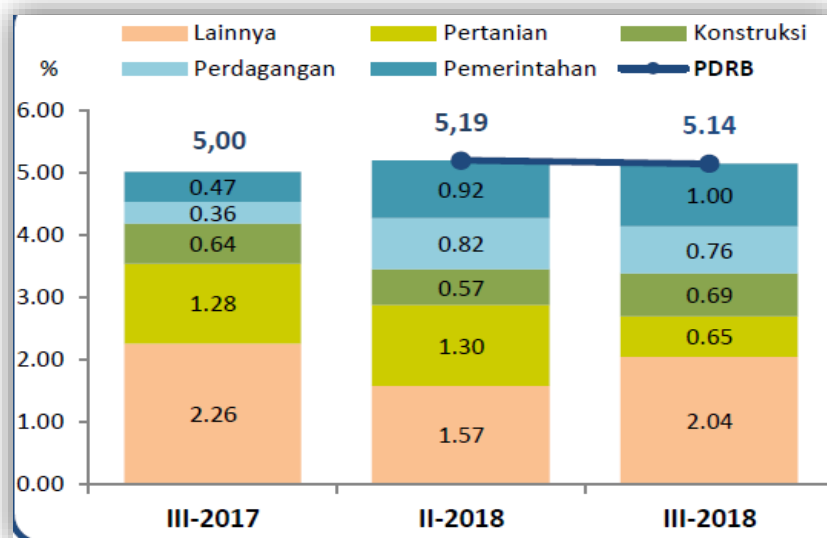
Based on a description of previous studies that explained and there are inconsistencies in the findings, the researcher adds mediation variables, namely customer satisfaction.

Customer satisfaction is a comparison perceived by customers between customer expectations before making a purchase with the results of the performance of products or services received after making a purchase (Dewi, 2016). Customer satisfaction is one of the factors cause customers to change brands. Customers who experience dissatisfaction have the possibility to change, they buy decisions by looking for other brand alternatives on subsequent consumption for increased satisfaction (Junaidi & Dharmmesta, 2002). The results of previous studies which revealed variable customer satisfaction as a mediating variable have been investigated by Orel et al. (2014) and Chang and Yeh (2017); Kasiri, et al. (2017); Meesala and Paul (2018) which stated that customer satisfaction is able to reduce the influence of products and services on customer loyalty.

A creation of loyalty is inseparable from the product quality. To be able to sell the company's products to customers, companies need to pay attention to the needs and desires of customers for the products they want. By knowing information from customers, the company absorbs inspiration an existing customers to apply it to the products to be produced. After the process is run, it is expected that customers feel and what they need can be obtained through the products purchased and of course expect that customers will always use the company's products. This loyal attitude will encourage customers to continue and consume company products or commonly called to buy back the company's products (Enggarwati, 2016).

In the province of East Nusa Tenggara, especially on the island of Timor, almost 85% of the people are looking for farmers. The economic structure of NTT in quarter III-2018 (Figure 1), is still dominated by agriculture, forestry, and fisheries business fields with a contribution of 28.64%.

Figure 1. Source of Growth in Several Business Fields in Quarter III-2018



Source: Central Bureau of Statistics (BPS) in Nusa Tenggara Timur

Referring to the picture, the largest of business growth in NTT in the agricultural sector, this is the reason for researchers conducting research on economic growth in NTT especially in Belu district.

Kharisma store is one of the largest and most complete stores in Belu district, which sells agricultural supporting products, and demand by many customers in the city of Atambua, even from other districts. Kharisma store has a variety of advantages, compared to other agricultural support products, because Kharisma store provided quality and labeled agricultural support products. So, the customers feel satisfied after using their products, because the agricultural supporting products used to produce superior plants.

Kharisma store also bring employees with agricultural education backgrounds, so when customers make purchases, employees can provide educational services on how to use agricultural supporting products to customers. The service quality of the company can affect customer loyalty, besides that service quality also affects customer satisfaction, which has an impact on customer loyalty. Thus, customers are not only satisfied when using agricultural support products Toko Kharisma, but customers also feel happy and proud because they get good and detailed service, so customers are loyal to Toko Kharisma.

THEORITICAL FRAMEWORK

Customer loyalty

Barnes in Priansa (2017) stated that loyalty is evidence of emotions that transform repeat buyer behavior into a relationship. This loyalty leads to repeat purchases, recommendations, an increasing proportion of spending. Griffin in Priansa (2017) further stated that the concept of loyalty is more directed towards behavior than attitudes and loyal customers will show purchasing behavior that can be interpreted as a regular purchase pattern and for a long time, which is carried out by the maker or collection units. Kotler & Keller (2009) said that creating strong and close relationships with customers is the dream of all marketers and is the key to long-term marketing success.

Customer Loyalty Levels

According to Kartajaya in Priansa (2017) said that the process of a customer to be loyal through several stages. Kartajaya further divided the five levels of customer loyalty, such as:

- a. Terrorist Customer: Customers who like to defame company brands for reasons not like or are not satisfied with the services provided by the company.
- b. Transactional Customer: a customer who has a relationship with the company as limited as a transaction, buys one or two times, after that does not make a repeat purchase, or when making a purchase sometimes.
- c. Relationship Customer: This type of customer has made a repeat purchase and the pattern of its relationship with the company's products is relational.
- d. Loyal Customer: This type of customer not only makes a repeat purchase but is far more loyal to the company's products.
- e. Customer Advocator: This type of customer becomes a great asset for the company because these customers always defend the company's products and brands, customers who are good spokespersons for other customers and angry when other people defame the company's products.

Loyal Customer Benefits

Griffin in Priansa (2017) stated that having loyal customers means that the company will benefit from save on marketing costs, because to attract new customers will be more expensive, reducing transaction costs such as negotiation fees, order contracts and processing, reducing customer turnover costs, because the number of customers leaving the company is relatively small in number, increase cross selling, where loyal customers will try and use other products offered by the company so as to increase the company's market share, customers feel satisfied that they will inform the company's products positively to others, and reducing the cost of failure, in the sense that the costs incurred to get new customers do not produce anything or the intended customer fails to obtain.

Strategies to Increase and Maintain Customer Loyalty

Berri & Parasuraman in Dance (2017) identified that three approaches to maintaining customers, such as:

- a. Add financial benefits: the financial benefits that a company can offer to customers are frequent buying programs designed to reward customers who often buy and buy in large quantities, and club marketing programs are designed to increase customers more closely to the company.
- b. Add social benefits: company employees try to improve their social ties with customers by building relationships with each customer more personally.
- c. Add benefits to structural ties: companies may provide customers with specialized tools or computer relationships that help customers manage orders, wages, and supplies by creating long-term contracts, charging low prices to customers who buy larger supplies, and turning products into services long-term

Loyalty Factors

There are several aspects that affect to customer loyalty. According to Zikmund in Vanessa (2007: 72) stated that customer loyalty is influenced by five factors, such as:

- a. Satisfaction
Customer satisfaction is a comparison between expectations before making a purchase and perceived performance.
- b. Emotional bonding
Where customers can be affected by a brand that has its own charm so that customers can be identified in a brand, because a brand can reflect the characteristics of these customers.
- c. Trust
The willingness of someone to entrust a company or a brand to do know to run a function.
- d. Choice reduction and habit
If customers will feel comfortable with a brand when the situation they make a transaction makes it easy. Part of customer loyalty such as regular product purchases can be based on accumulated experience at any time.
- e. History with company (experience with companies)
A person's experience with the company can shape behavior. When we get good service from the company, we will repeat our behavior at the company.

In this study, to measure customer loyalty from Kharisma store Atambua using the indicators Cham Tat Huei and Muhammad Istiaq in Enggar (2018), such as the desire to continue subscribing in the long term, resilience not to move elsewhere, suggest to others to visit, and not paying attention to products from other stores.

Product

Kotler & Keller (2009) revealed that products are everything that can be offered to the market to satisfy a desire or need, including physical goods, services, experiences, events, people, places, property, information, and ideas. According to Kotler (2009) said that the product has five level values where at each level there is an added value, such as:

- a. Core benefits: services or benefits that customers actually buy. These fundamental aspects must be well fulfilled by producers, such as hotels providing satisfying beds, and providing restaurants with good and satisfying food for customers.
- b. Basic product: Providing products needed by customers. Like hotel rooms given equipment, beds, bathrooms, towels.
- c. Expected product: Customers have hope for the goods and services they buy. As the best hotel equipment must be provided, clean, clean beds, clean towels, reading lights.
- d. Augmented product: An added value that is beyond what is imagined by the customer, for example providing TV with remote control, various channels / channels, excellent service.
- e. Potential product: looking for added value for other products for the future. Manufacturers must look for additional values that can satisfy their customers.

Service Quality

Tjipono & Chandra (2017) suggested that service quality is more difficult to define and measure compared to the quality of goods, so there has been no universal consensus on the best way to measure service quality. On the other hand some academics and man-agement practitioners view the SERVQUAL model as a standard model, because it has a number of significant weaknesses. So, it was far only consensus has been reached in three ways, such as:

- a. Service quality is a global attitude or assessment of the superiority of a service
- b. Service quality is different from customer satisfaction
- c. Dimensions on the offline services quality differ from the online services quality.

Parasuraman, et al in Enggar (2016) suggested five main dimensions applied in examin-ing service quality, such as:

- a. Direct evidence (tangibles) includes physical facilities, equipment and means of com-munication.
- b. Reliability is the ability to provide that promised by service immediately, accurately, and satisfactorily.
- c. Responsiveness is the desire of staff to help customers by providing responsive ser-vice assurance includes the knowledge, politeness, and trustworthiness.
- d. Empathy is includes ease of relationship, good communication, and understanding the needs of customers.

Customer Satisfaction

Tjiptono & Chandra (2017) said that customer satisfaction or dissatisfaction is very resil-ient for business, government and customer delays. For business, satisfaction is seen as one dimension of market performance. Customer satisfaction has a potential to lead to long-term and short-term sales growth, as well as market share as a result of repurchases. Meanwhile, customer dissatisfaction raises a number of risks, such as boycotts or pro-tests from customer agencies, customer complaints, government investments, competi-tors' reactions, and the entry of new substitute products to the market. Customer dissat-isfaction can actually help companies identify aspects that are a weakness of their prod-ucts or services that do not meet customer and government standards.

For the government, the concept of customer satisfaction or dissatisfaction helps them to identify and isolate products and industries that require government action in order to improve the welfare of customers. In addition, customer satisfaction has a significant effect on shareholder value, although the impact of its value varies between industries and between companies. Broadly speaking, customer satisfaction provides two main benefits for the company, namely in the form of customer loyalty and the increase in the number of new customers (Tjiptono & Chandra, 2017).

Customer Satisfaction Theories

Customer satisfaction is interpreted and researched based on several theories grouped based on three main perspectives, such as psychology, economics and sociology. These theories (Tjiptono & Chandra, 2017) are:

- a. Contrast theory: If product performance exceeds expectations, customers will be very satisfied, but if the product is below expectations, customers will be very dissatisfied. This implies that customers are very sensitive to unmet expectations and can overreact
- b. Assimilation-contrast theory: the customer may receive a deviation from his expecta-tions to a certain extent.
- c. Adaptation-level theory: according to this theory individuals only perceive expecta-tions and disconfirmation of satisfaction.
- d. Oppenent-process theory: this theory explains that customer experience is initially very satisfying and tends to be evaluated less satisfactorily in the next event or oppor-tunity or opportunity.
- e. Consumer surplus: rational customers will allocate their resources in such a way that the ratio between marginal utility and product prices will be the same.

Customer Satisfaction Measurement Method

Kotler & Killer (2009) identified 4 methods for measuring customer satisfaction, such as:

- a. System of complaints and suggestions

Every customer-oriented organization must provide a broad opportunity for customers to submit their suggestions, opinions and complaints. The media used is in the form of suggestion boxes, comment cards, toll-free telephone lines.

b. Ghost Shopping

One way to obtain an overview of customer satisfaction is by hiring several people to act or act as customers, then they report findings on the strengths and weaknesses of competing products based on their experience in purchasing products from competing companies.

c. Lost Customer Analysis

Companies can contact customers who have stopped buying or moving suppliers in order to understand why this happened so that they can take further improvement and re-refinement policies.

d. Customer satisfaction survey

Many studies on customer satisfaction are carried out by survey research, both by postal survey, telephone, and personal interviews.

Customer Satisfaction Factors

In determining customer satisfaction there are five factors that must be considered by the company (Lupyoadi, 2001), among others:

- a. Product quality, that is, customers will be satisfied if their results show that the products they use are of high quality.
- b. Service quality is customers will feel satisfied if they get good service or as expected.
- c. Emotions, such as customers will feel proud and get the confidence that other people will be amazed at him when using products with certain brands that tend to have a higher level of satisfaction.
- d. Price, which is a product that has the same quality but sets a relatively cheap price that will give a higher value to the customer.
- e. Costs, namely customers who do not need to incur additional costs or do not need to waste time to get a product or service tend to be satisfied with the product or service.

Based on the outlined framework, there is an image model (conceptual framework) to be used as a reference in developing hypotheses that can be drawn below:

Figure 2. Conceptual Framework

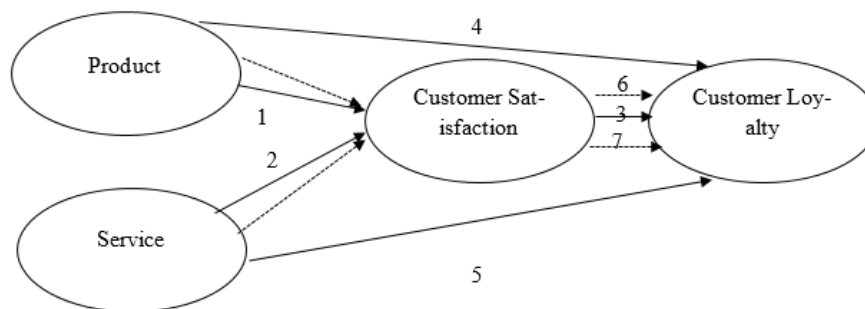


Table 2. Literature Review

Path	Theories	Researches
1.	Cravens (1996); Kotler & Killer (2009)	Bahar and Sjaharuddin (2015)
2.	Parasuraman et al. (1988); Kotler & Killer (2009)	Kasiri, et al. (2017); Jiang and Zhang (2016); Meesala and Paul (2018)
3.	Kotler & Killer (2009); Vanessa (2007)	Chang and Yeh (2017); Kasiri, et al. (2017); Meesala and Paul (2018); Tyas and Kenny (2016)
4.	Cravens (1996); Vanessa (2007)	Pedeliento, et al. (2016) and Tomaz and Barbara (2010)
5.	Parasuraman et al. (1988); Vanessa (2007)	Meesala and Paul (2018)
6.	Kotler & Keller (2009); Barnes in Priansa (2017)	Orel et al. (2014), Chang and Yeh (2017), Kasiri (2017), Meesala and Paul (2018)
7.	Parasuraman in Enggar (2016) Barnes in Priansa (2017)	Orel et al. (2014), Chang and Yeh (2017), Kasiri (2017), Meesala and Paul (2018)

Source: Literature review, 2018

METHODOLOGY

Research Approach

The approach of this research, using a quantitative approach. Quantitative approach, is a research method that uses the process of data in the form of numbers as an analytic tool, and conducts research studies, especially regarding what has been studied (Kasiram, 2008). The type of research used in this study is explanatory research. Explanatory research is a type of research that explains why and how two or more variables have a relationship or attraction with one another, so this study is not just finding a relationship of two or more variables, but also explain why the variable is related (Echdar, 2017).

The survey method is a method carried out on large and small populations, so that the occurrences of relative events, distribution, and relationships between variables are found (Echdar, 2017). This research was intended to test and explain the effect of products and services on customer loyalty, which mediated customer satisfaction with customers of the Kharisma store in Atambua, Belu Regency, East Nusa Tenggara Province.

Research Subject

Subjects studied were the customers of Kharisma store located on Jalan Pramuka Pasar Baru Atambua, Berafu Village, Atambua Barat District, Belu Regency. The selection of the Kharisma store in Atambua is based on the consideration that, an agricultural support shop that sells plant seeds (rice, corn, peanuts), also sells various kinds of vegetable seeds (Lombok, Carrots, Onions, Kangkung), organic fertilizer (Compost, IN Grow, Grentonik), chemical fertilizers (Urea, NPK, SP36), honey, animal feed (chicken, pork, fish), and others. So, makes it easier for customers to shop in one place.

Population

Population is the whole group of people that researchers want to investigate (Sekaran, 2006). The population is permanent customers, which are counted in the last three years, from 2015 to 2017. Where, the details are as follows:

Table 3. Customer Data in Kharisma Store

Years	Total of customer
2015	96 customer
2016	562 customer
2017	903 customer
Total	1561 customer

Source: Customer Data in Kharisma Store

Samples

The sample is part or representative of the population studied (Arikunto, 2006: 131). A sampling technique in this study used saturated samples, where all members of the population are used as samples. The sample of this study was 64 regular customer respondents from Kharisma store. Types and data sources is primary data and secondary data.

There are several methods that will be used, among others, the questionnaire method. In this study, the questionnaire was submitted directly to the respondents, namely the customers of Kharisma store Atambua's products. Interviews are used as supporting data to uncover phenomena that occur in an object and subject of Kharisma store in Atambua. This documentation method is related to the relevant literature, records in the form of sales data for Kharisma store in Atambua for supporting data.

Measurement Scale

The scale used in data collection is Likert Scale. Likert scale is still in the form of ordinal data. Supomo (1999: 104) explained that the Likert scale generally uses one (1) to five (5), so to convert ordinal data into interval data using MSI (Method Successive Interval). The interval scale used has a range of 1 to 5, so it is indicated by an answer: Strongly disagree score (1), Disagree score (2), Neutral score (3), Agree score (4), and strongly agree score (5).

Testing of this research instrument is the validity, reliability test, and reliability test. In this study measured using PLS software, by looking at the Cronbach alpha statistic an instrument of research indicated that there was sufficient reliability if the cronbach alpha coefficient was 6 0.6 (Jugiyanto, 2011).

Data analysis was used descriptive analysis, inferential statistical analysis, analysis of the measurement model (outer model) and structural analysis (inner model).

In addition to the PLS output, you can use the path coefficients of each variable to find out the relationship between constructs studied, whether it is in accordance with the hypothesis or not. A direction of the relationship is products to customer loyalty,

service to customer loyalty, products to customer satisfaction, services to customer satisfaction, and customer satisfaction to customer loyalty.

Testing of mediation effects is also supported by the Sobel test, which is conducted to test significant indirect or indirect effects (multiplying the direct effect or direct effect of the independent variable on the mediator, a direct effect mediator on the dependent variable, b or ab). Significant test of the indirect effect coefficient ab is recognized to provide a direct test of the mediational hypothesis, compared to the causal step approach (Preacher & Hayes, 2004). A significant test of the indirect effect ab is carried out based on the ratio between the ab coefficients and the standard errors that produce z-values.

Sobel test is calculated using an online calculator accessed through <http://quantpsy.org/sobel/sobel.html> by entering path coefficients and standard errors from the relationship of independent variables to mediator variables and the relationship of mediator variables to the dependent variable. The parameters used are if z-values > t-statistics (1.96) or statistically significant level z (p-values) < 0.05, meaning indirect effect or indirect effect of independent variables on the dependent variable through significant mediators (Preacher & Hayes, 2004).

RESULTS

Data Analysis Results

The inner model analysis or can be called a structural analysis of the model is done in ascertaining whether the structural model that is built is accurate and robust. Evaluation of inner model can be seen from the acquisition of the determination coefficient (R2) in the following table:

Table 4. R-Square Test Results

Variables	R Square	Noted
Customer Satisfaction (Z)	0.434	Moderate
Customer Loyalty (Y)	0.778	Strong

Source: Primary Data Processed, 2019

Based on the table above, it can be seen that the customer satisfaction variable has a R-Square value of 0.434, so the customer satisfaction variable has a moderate influence. While, the customer loyalty variable has R-Square of 0.778, so customer loyalty variables have a strong influence.

Hypothesis testing

Figure 3. Bootstrapping Results

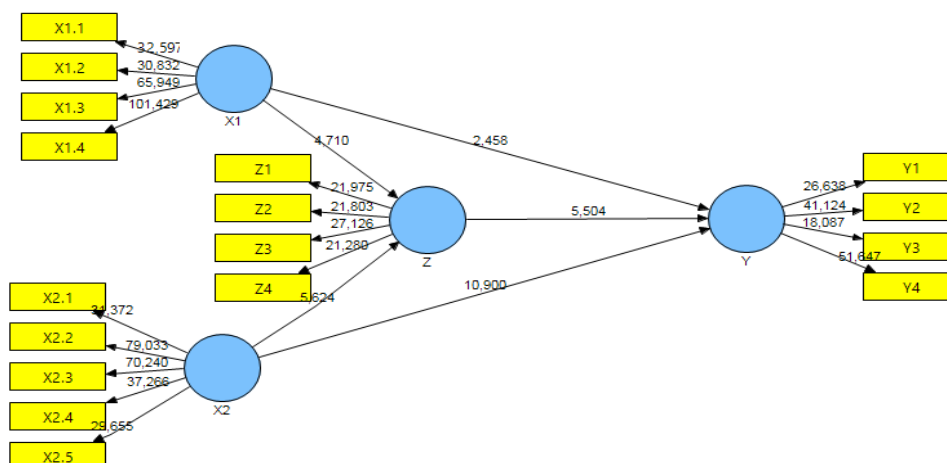


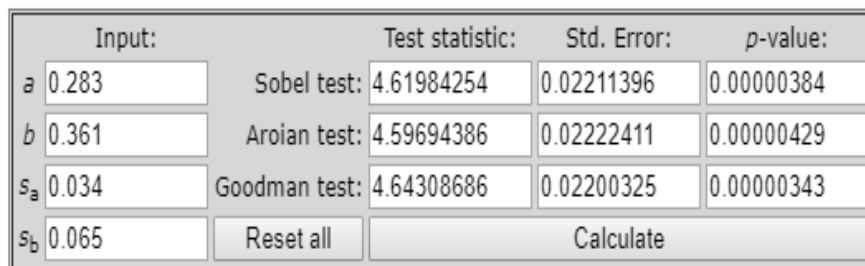
Table 5. The Results of Direct Effect between Variables

Path		Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	t-table	Results
1.	KL (X1) > KP (Z)	0.283680	0.289669	0.060223	4.710465	0.000	1.96	Sig.
2.	KL (X2) > KP (Z)	0.443077	0.440068	0.078779	5.624309	0.000	1.96	Sig.
3.	KP (Z) > LP (Y)	0.361762	0.704606	0.065730	5.503725	0.000	1.96	Sig.
4.	KP (X1) > LP (Y)	0.188589	0.193506	0.045453	4.149099	0.000	1.96	Sig.
5.	KL (X2) > LP (Y)	0.708048	0.704606	0.043410	16.310874	0.000	1.96	Sig.

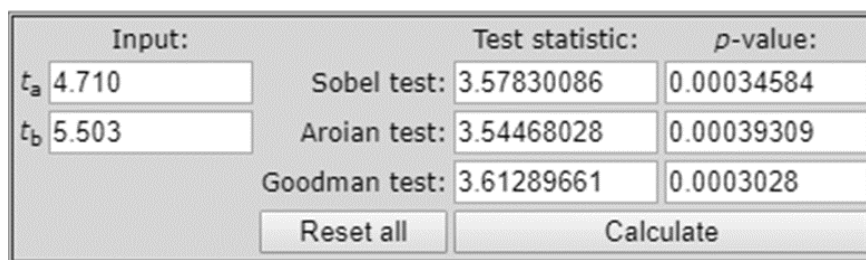
Indirect Effect (Sobel Test Online)

The Effect of X1 To Y By Z

Figure 4. Sobel Test Results for Effect for X1 to Y By Z



Source: Primary Data Processed, 2019



Source: Primary Data Processed, 2019

The Effect between X2 to Y by Z

Input:	Test statistic:	Std. Error:	p-value:
a 0.443	Sobel test: 4.46389283	0.0358259	0.00000805
b 0.361	Aroian test: 4.43767604	0.03603756	0.00000909
s _a 0.078	Goodman test: 4.49057982	0.035613	0.0000071
s _b 0.050	Reset all	Calculate	

Source: Primary Data Processed, 2019

Input:	Test statistic:	p-value:
t _a 5.624	Sobel test: 3.93329081	0.00008379
t _b 5.503	Aroian test: 3.90190553	0.00009544
	Goodman test: 3.96544584	0.00007326
	Reset all	Calculate

Source: Primary Data Processed, 2019

Path Coefficient of Effect of Product Quality on Customer Satisfaction

Based on the results of statistical calculations the effect of product quality (X1) on customer satisfaction (Z) showed that t-count of 4.710 p-value of 0.000 and the coefficient (beta) of 0.283. The results of the t test illustrate that t-count is greater than t table (4.710 > 1.96). Based on the p-value where the calculation results show that the p-value is smaller than significant (0.000). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, so the result is significant. It is concluded that customer satisfaction is influenced by product quality.

Path Coefficient of Effect of Service Quality on Customer Satisfaction

Based on the results of statistical calculations the effect of service quality (X2) on customer satisfaction (Z) showed that t-count of 5.624 p-value of 0.000 and the coefficient (beta) of 0.443. The results of the t test illustrated that t-count is greater than t table (5,624 > 1.96). Based on the p-value where the calculation results show that the p-value is smaller than significant (0.000). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, so the result is significant. It is concluded that customer satisfaction is influenced by the service quality.

Path Effect Coefficient of Customer Satisfaction on Customer Loyalty

Based on the results of statistical calculations, the effect of customer satisfaction (Z) on customer loyalty (Y) showed about t-count of 5.503 p-value of 0.000 and the coefficient (beta) of 0.361. The results of the t test illustrate that t-count is greater than t table (5.503 > 1.96). Based on the p-value, where the calculation results show that the p-value is smaller than significant (0.000). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, so the result is significant. It is concluded that customer loyalty is influenced by customer satisfaction.

Path Coefficient of Effect of Product Quality on Customer Loyalty

Based on the results of statistical calculations, the effect of product quality (X1) on customer loyalty (Y) showed that t-count of 4.149 p-value of 0.000 and the coefficient (beta) of 0.188. The results of the t test illustrate that t-count is smaller than t table (4.149 < 1.96). Based on the p-value, where the calculation results show that the p-value is smaller than significant (0.000). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, so the result is significant. It is concluded that customer loyalty is influenced by product quality.

Path Coefficient of Effect of Service Quality on Customer Loyalty

Based on the results of statistical calculations the effect of service quality (X2) on customer loyalty (Y) showed that t-count of 16.310 p-value of 0.000 and the coefficient (beta) of 0.708. The results of the t test illustrate that t-count is greater than t table (16.310 > 1.96). Based on the p-value where the calculation results show that the p-value is smaller than significant (0.000). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, so the result is significant. It is concluded that customer loyalty is influenced by service quality.

Path Coefficient Effect of Product Quality on Customer Loyalty through Customer Satisfaction

Based on the results of statistical calculations the effect of product quality (X1) on customer satisfaction (Z) showed that t-count is 4.710 p-value of 0.000 and the coefficient (beta) is 0.283. The results of the t test illustrate that t-count is greater than t table (4.710 > 1.96). The effect of customer satisfaction (Z) on customer loyalty (Y) showed that t-count of 5.503 p-value of 0.000 and the co-efficient (beta) of 0.361. The results for t test illustrate that t count is greater than t-table (5.503 > 1.96). The results of the t test in the Sobel test illustrate that t-count is greater than t table (3.578 > 1.96). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, then the result is mediation, then the nature of the mediation is full mediation. This shows that customer loyalty (Y) can be explained directly or influenced by it.

Path Coefficient of Effect of Service Quality on Customer Loyalty through Customer Satisfaction

Based on the results of statistical calculations the effect of service quality (X2) on customer satisfaction (Z) showed that t-count of 5.624 p-value of 0.000 and the coefficient (beta) of 0.443. The results of the t test illustrated that t-count is greater than t table (5.624 > 1.96). The effect of customer satisfaction (Z) on customer loyalty (Y) shows t-count of 5.503 p-value of 0.000 and the coefficient (beta) of 0.361. The results of the t-test illustrate that t-count is greater than t table (5.503 > 1.96). The results of the t-test in the sobel test illustrate that t-count is greater than t table (3.933 > 1.96). This result can be explained that the t-count value is greater than t-table and the p-value value is smaller than the significant value. The path coefficient (beta) has a positive number, then the result is mediation, then the nature of the mediation is full mediation. This showed that customer loyalty (Y) can be explained directly or influenced by service quality (X2) with customer satisfaction (Z) as mediation.

DISCUSSION

The Effect of Product Quality on Customer Satisfaction

The results of the study show that the quality of products perceived by customers of Kharisma stores is able to increase customer satisfaction. That is, the products in the Kharisma store are original, mixed, and durable so that customers are satisfied after using the product. Product quality is very important for Kharisma stores in developing their business and satisfying consumers so that what consumers want in the product is in line with expectations, as expressed by Priansa (2017) said that companies must be able to create, develop, and manage an integrated system that can create satisfaction for customers. Kotler and Keller (2009) stated that product quality is everything that can be offered to the market, to satisfy a desire or need, including physical goods, services, experiences, events, people, places, property, information, and ideas.

The results of this study are in line with the results of the study of Bahar and Sjaharuddin (2015) proved that product quality is able to influence customer satisfaction. The quality of the product provided to the company will affect customer satisfaction if the product provided is in accordance with the needs and expectations of its customers. The influence of product quality is significant because the products sold at the Kharisma store get good attention from customers. This happened because the store manufacturer Kharisma was able to innovate and be able to improve the quality of its products which had an impact on customer satisfaction. By looking at the distribution of respondents' answers, it appears that the quality of the products at Kharisma's store gets a good place for customers.

The Effect of Service Quality on Customer Satisfaction

The results of the study showed that the services perceived by Kharisma store customers were able to increase customer satisfaction. A service at the Kharisma store has succeeded in making customers satisfied with the services they provide such as providing education about good use, responsiveness in providing assistance to customers when in need and providing convenience in service procedures by providing clear information. Parasuraman in Enggar (2016) stated that service quality can be expressed as a comparison between services expected by customers and the services they receive because of the objectives of the company, such as creating and maintaining customers.

This is in line with Kasiri, et al. (2017); Jiang and Zhang (2016); Meesala and Paul (2018) showed that service can influence customer satisfaction. Based on the results of the respondent's answers, customers assess the existence of good care and response from employees to each customer and accompanied by good educational and communication skills, so a customer requests can be responded to well by the Kharisma store employees. Employees create family relationships and personal good attention from the employees can form excellent service quality, which is a form of service that exceeds customer expectations and prioritizes the interests of customers. This fact is supported by the results of the analysis which shows that most respondents gave a good assessment of the items of attention and concern for customers. This indicated that respondents satisfaction is more due to customers wanting to get services where employees give attention and care to customers during the purchase process at the Kharisma store. Although in the service procedures of the Kharisma store employees are good in the eyes of customers, they must maintain or have to innovate because many competitors will perform similar services.

The Effect of Customer Satisfaction on Customer Loyalty

The results showed that customer satisfaction perceived by Kharisma store customers was able to increase customer loyalty. That is, Kharisma store customers are satisfied in receiving services and products purchased so they want to buy again. The feeling of satisfaction of the Kharisma store customers on products, services and when making purchases on Kharisma's store products will encourage consumers to repurchase or even become a habit. Based on the results of respondents' answers, most of Kharisma's store customers assess the products provided and the services provided in accordance with consumer expectations so that Kharisma store customers feel satisfied and make repeat purchases.

This agrees with the research conducted by Chaang and Yeh (2017), Kasiri, et al (2017), Meesala and Paul (2018), Tyas and Kenny (2017) proved that consumer satisfaction can influence consumer loyalty. According to Priansa (2017) stated that customer satisfaction is an illustration of the difference between *haapan* and performance (received). If performance exceeds that expected, satisfaction will increase because the expectations of customers tend to always increase. Therefore, for the Kharisma store must maintain product quality and service today and be able to create, develop and manage an integrated system in order to continue to create satisfaction for its customers.

The Effect of Product Quality on Customer Loyalty

The results showed that the quality of the products perceived by Kharisma store customers was able to increase customer loyalty. That is, the products sold by Kharisma stores are able to create loyalty for their customers because the better the quality of the product, the higher the level of customer loyalty. Therefore, the Kharisma store must continue to maintain the quality of its products or increase the quality of its products so that the products sold are far better than what is expected by customers.

This agrees with the research conducted by Pedeliento, et al. (2016) and Tomaz and Barbara (2010) stated that products can influence customer loyalty. The quality of a product is an important factor for maintaining consumers. Consumers will judge how high the product is consumed. Consumers will feel whether the product consumed has a positive quality or not because the quality of the product is a good starting point for creating a positive image and maintaining customer loyalty in the long term. So, the higher the level of quality of a product, the higher the level of satisfaction felt by consumers, the consumer will recommend the product to others (Kotler and Keller, 2009). Kharisma store customers feel and judge that the products sold by the Kharisma store are of such quality that the agricultural seeds they buy produce superior plants.

The Effect of Service Quality on Customer Loyalty

The results showed that the service quality perceived by Kharisma store customers was able to increase customer loyalty. That is, the services available at Kharisma's store managed to make customers loyal. Therefore, the existing service must be maintained and even have to innovate to make it better so that existing customers remain loyal and not easily move to another store. This agrees with the results of research conducted by Meesala and Paul (2018), Ishaqa (2010), Sivadas et al. (2000) proved that service quality is able to influence customer loyalty. In other words, the existence of services provided by employees to customers when making a purchase will lead to repeat purchases or loyalty to the company.

According to Tjiptono (2011) stated that service quality has a big influence on customer satisfaction, word of mouth communication, repurchase, customer loyalty, market share and profitability. After the customer evaluates the quality of services provided by the company or organization and fulfills expectations it will lead to feelings of satisfaction otherwise the quality of services that do not meet customer expectations will lead to dissatisfaction. Customers who are satisfied with the service will make repeated purchases, so it will lead to loyalty to the company's products. The service provided by the Kharisma store exceeds the expectations of its customers, for example employees provide education to each of their customers and how to properly use agricultural supporting products, and always give attention and care to consumers so that the service at Kharisma stores receives positive value from customers which results in repeat purchase or loyalty at the Kharisma shop.

The Effect of Product Quality on Customer Loyalty through Customer Satisfaction

The mediation test results with online test sobel show that customer satisfaction is able to mediate the effect of product quality on customer loyalty. This shows that customer satisfaction can be a mediation to determine the effect of product quality on customer loyalty. This means that Kharisma store customers are satisfied with the products provided so they can create loyalty to their customers.

This agrees with the research conducted by Orel et al. (2014) and Chang and Yeh (2017); Kasiri, et al. (2017); Meesala and Paul (2018) which stated that customer satisfaction is able to reduce the influence of products on customer loyalty. This can be interpreted that the increasing quality of products will increase customer satisfaction. With increased satisfaction, it will affect the increase in consumer loyalty. According to Barnes in Priansa (2017) stated that customer loyalty leads to repeat purchases, recommendations, increasing proportion of spending, so Kharisma store must add value to the use of the product by creating additional use an existing products and the products sold can satisfy customers.

The Effect of Service Quality on Customer Loyalty through Customer Satisfaction

The test results showed that customer satisfaction is able to mediate the effect of service quality on customer loyalty. This showed that the services provided by the Kharisma store to its customers, when making purchases can create satisfaction for their customers which ultimately creates customer loyalty. This is in line with the opinion of Tjiptono (1998) which stated that satisfied customers are a capital for the company for the survival of a company because the creation of customer satisfaction has benefits such as providing a good basis for customer repurchase, creating customer loyalty, and forming a word of mouth recommendations that are beneficial for the company. This agrees with the research conducted by Orel, et al. (2014) and Chang and Yeh (2017); Kasiri, et al. (2017); Meesala and Paul (2018) which stated that customer satisfaction is able to mediate the effect of service on customer loyalty. This given an additional value for the Kharisma store in order to be able to maintain existing services and must always monitor services by competitors, so that the Kharisma store provides better service so that it can create customer loyalty.

IMPLICATION

In theory, this study supports the theory presented by Barnes in Priansa (2017), such as a customer loyalty leads to repeat purchases, recommending an increased proportion of spending, so that the resulting product can satisfy customers, then add

value to the product by creating additional use of existing products. Furthermore, it supports Griffin's theory in Priansa (2017) which stated that loyal customers are customers who are satisfied with the products and services provided by the company, so they regularly purchase both products and services and refer to others. The results are supported by the opinions of Bahar and Sjaharuddin (2015) Kasiri, et al. (2017); Pedeliento, et al. (2016); Tomaz and Barbara (2010); Orel et al. (2014); Chaang and Yeh (2017); Kasiri, et al (2017); Meesala and Paul (2018).

The practical implications are as follows for a company able to create customer loyalty through product quality and service quality provided must be more than what customers expect. For salespeople, the results of this study provide information about things that need to be improved in providing services and products to customers. For the product, it must pay attention to performance, reliability, conformance, perceived quality, while the service must pay attention to reliability, responsiveness, assurance, and empathy.

CONCLUSION

Based on the results, there are several conclusions from the results of this study, such as product quality is able to increase customer satisfaction. The higher of product quality, the more often buyers buy more satisfied, service quality can improve customer satisfaction. The higher of a service quality was provided to customers, the more satisfied customers who buy at Kharisma store. Customer satisfaction can increase customer loyalty. The higher for satisfaction obtained, the higher the customer who repurchases at Kharisma store. Product quality is able to increase customer loyalty. The higher the product quality, that buyer who makes a repeat purchase at Kharisma store. Service quality is able to increase customer loyalty. A services quality is provided that buyers who make repeat purchases at Kharisma store. This related to the services of the producer serving, the buyer by educating each item that will be purchased by the buyer. The role of full mediation customer satisfaction is able to become a link of product quality with customer loyalty. This showed that loyal customers feel satisfied and the products purchased are of good quality. The role of full mediation customer satisfaction is able to become a link of service quality with customer loyalty. This showed that loyal customers if they are satisfied and the service received is very good because before buying the customer is given education regarding the advantages and disadvantages of the agricultural seeds to be purchased.

LIMITATION

This research has been carried out optimally. This research is inseparable from the limitations that are owned which cause the imperfect results of the study. The limitation of this study is that it has not included customer trust and the systems and techniques used by the Kharisma store, where it can also affect customer loyalty.

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