Analysis of Customer Loyalty through Total Quality Service, Customer Relationship Management and Customer Satisfaction

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ABSTRACT
This research talks about total quality service and customer relationship management effects toward customer satisfaction and its impact on customer loyalty. Fast Food Restaurant KFC, always strive to continue to make improvement in total quality service, so that customer satisfaction can be maintained, which in turn will have an impact on customer satisfaction increase in customer loyalty. Being able to create customer loyalty is also necessary to have a good relationship, between the customer with the restaurant. The research population was all KFC fast food restaurant customers at Rungkut Surabaya, Indonesia. From the results of the testing of the model in this research, by using accidental sampling, analysis of structural equation models, and using Amos 20 software support, the 200 respondents, was able to explain the relationship between the total service quality, customer relationship management, customer satisfaction, and customer loyalty KFC fast food restaurants Rungkut Surabaya Indonesia. The result shows that: total quality service have significant effect on customer satisfaction; total quality service have significant effect on customer loyalty; customer relationship management have significant effect on customer satisfaction; customer relationship management have significant effect on customer loyalty; customer satisfaction significantly effect customer loyalty.

Keyword:
Customer loyalty
Customer relationship management
Customer satisfaction
Total service quality

INTRODUCTION
Among tight competition, it is necessary effort to maintain and increase customer loyalty. One of the efforts made by fast food restaurants, among others, is indulging its customers with various kinds of service quality, and further optimizes product attributes and their services offered. This is done as a form of orientation in order to keep customers satisfied, and the long term partnership continuously and is also expected occurrence of repeat business [1].

To maintain long term partnerships can be done through total quality service (TQS), the TQS is the relationship between the company and customers sustainable does not end after the sale is completed [2]. Under conditions of competition between providers of fast food restaurants are more stringent then the alternative attempts to do are through fostering good relations with customers (relationship marketing). With good fostered relations is expected that customers become more loyal and may bring new customers.

One way to face the competition is to provide services with better quality compared to its competitors. Quality of service has a strong attachment to customer satisfaction; quality service providers give a boost to the fast food restaurant to run a strong bond with customers. Service quality is determined by
the perception of the customer, therefore a variety of responses from the customers need to be accepted as a valuable input for the development / strategy development. Thus we need a strategy to increase the number of new customers and retain existing customers. The company tried their best to increase customer loyalty by building long term relationships [3].

In connection with customer loyalty, TQS implementation in building relationship with customers should consider the factors that define the customer's trust. These factors can be the trust and commitment to customers. Given the highly complex customer behavior and unpredictable, fundamental approach can be done by the fast food restaurant with embed the trust and building commitment to its customers.

**Total Quality Service**

Total Quality Service (TQS) is a strategic and integrated management system that involves all managers and employees, as well as using the methods of qualitative and quantitative continuously to improve organizational processes, in order to meet and even exceed the needs, desires, and expectations of customers. The goal of total quality service is to create customer satisfaction, give responsibility to any person, and perform continuous improvement [4].

TQS focuses on five areas, namely: 1. customer focus; 2. total involvement; 3. Measurement; 4. Systematic support, and 5. Continuous improvement. Total quality service is formed of several sub-variables which include: Commitment Response, Product Improvement, Process Improvement, Human Resource Excellent, Customer Orientation Response, and Economics Advantage.

**Customer Relationship Management**

Customer Relationship Management (CRM) is the process of building and maintaining profitable relations with customers by providing products that are valuable to consumers and create satisfied customers. CRM is the way companies build relationships with customers with the aim of maintaining customer loyalty and commitment to continue to use the company's products is concerned [5]. CRM is a philosophy and a business strategy, supported by a system and a technology, designed to improve human interactions in a business environment [6].

In CRM requires communication between the company and related parties that support the company in business. Communication that exists is not a monologue or one way, but necessary dialogue involving two or more parties in the process of giving and receiving information. In addition, companies today must do direct communication. This is necessary considering the increase complexity of needs, desires and standards of quality that consumers want the products required.

**Customer Satisfaction**

Customer satisfaction as a conscious evaluation or cognitive assessment is to whether the performance of the product / service is relatively good or bad or whether the products / services are appropriate or not for their intended purpose. Satisfaction or dissatisfaction of customers is customer response to the discrepancy / disconfirmation perceived with previous expectations. Basically, the purpose of a business is to create satisfied customers. Costumer satisfaction is a function of expectations of the buyers of the products or services to the perceived performance [7].

Based on the disconfirmation paradigm, customer satisfaction is a post purchase evaluation in which the perception of the performance of the products or services that meet or exceed expectations selected. Satisfaction is the psychological state of a person’s emotional indicates disconfirmation or confirmation of the service delivered to the expectations and make the experience after consuming.

**Customer Loyalty**

Nowadays orientation of the world class company experienced a shift from the conventional approach towards contemporary approach. The conventional approach emphasizes customer satisfaction, the cost reduction, market share, and market research. While a contemporary approach focuses on customer loyalty, customer retention, zero defections, and lifelong customers.

There are four kinds of possible relationships between customer satisfaction and customer loyalty: failures, forced loyalty, defector, and success [8]. Repeat purchase behavior often associated with brand loyalty, even though it is different. Brand loyalty reflects a commitment to a particular brand, while the repurchase solely involves the purchase of a particular brand of the same over and over. The occurrence of
the consumer brand loyalty due to the effect of satisfaction and dissatisfaction with the brand continuously accumulated, in addition to the perception of the quality of the product [9].

Relation between Total Quality Service With Customer Satisfaction

On the principle of Total Quality Service (TQS) focused on addressing the needs and desires of customers, as well as to offset the delivery accuracy and exceed the needs, wants and expectations of customers, which is done by involving all managers and employees, as well as using the methods of qualitative and quantitative to improve continuous processes of an organization, in order to meet even exceed the needs, desires, and expectations of the customer [4]. Tjahjono (2009), informs that the TQS effect on university customer satisfaction, it is shown that by implementing integrated quality good service, will boost satisfaction of university customer [10].

Relation between Total Quality Service With Customer Loyalty

Darmansyah, Iksan (2008), in his research states that there is a significant relation strong enough between TQS and Loyalty Debtors, with the positive direction of the relation [11]. Feliks et al., (2013) also found a large enough relation between TQS with loyalty variable through student satisfaction variable. Feliks et al., Showed that student loyalty will increase with the good TQS of college [12].

Relation between Customer Relationship Management With Customer Satisfaction

Feliks, and Panjaitan (2012), states companies that implement CRM properly will result increasing customer satisfaction [13]. Kusnadi research results (2008) also showed that the CRM application helps companies to gain customer knowledge that helps companies improve customer satisfaction [14] and this is supported also by studies Wetsch, Lyle R., (2006) that by using the theory of justice to investigate the potential impacts that could caused by the involvement of the customer in the CRM implementation to trust, satisfaction and customer loyalty [15].

Relation between Customer Relationship Management With Customer Loyalty

Munandar, Dadang (2011) state that CRM has positive and significant effects on customer loyalty, changes in the company's customer loyalty is directly caused by changes in the implementation of CRM [16]. This means that to increase customer loyalty needs to first implement CRM. The findings also indicate that the better CRM implemented by the company will increase the loyalty of the customers company business. This indicates customer loyalty need more companies attention, because loyalty will ultimately affect the performance of the company.

Relation between Customer Satisfactions with Customer Loyalty

Panjaitan, Hotman (2011) informs that the factors of consumer satisfaction have a positive relation to customer loyalty [17]. Because essentially cognitive loyalty factor of a customer loyalty that is formed based only on receipt of information about the products. Affective loyalty, is customer loyalty that formed due to the company based on their attitude. Conative loyalty, a consumer desire to keep picking on the future (interest behave), and action loyalty, a consumer action to keep choosing this company, than any other company. Tjahjono, Hendro (2009) in his research also informs the effect of satisfaction on loyalty university students [10].

Conceptual Model

In this research, there are four variables that will be examined are: total quality service variable (X1), customer relationship management variables (X2), customer loyalty variable (Y), and customer satisfaction variable (Z). While the research conceptual model can be described as shown in Figure 1. below:
2. Research Method

Research Design

This research was about customers at KFC fast food restaurants in Rungkut, Surabaya, Indonesia, which is an analysis the effect of total quality service and CRM on customer satisfaction and its impact on customer loyalty. This research uses multivariate analysis and an explanatory research, which will be explored the causal relationship between research variables. The main method of this research was a survey research that conducted by taking a sample of the population using a questionnaire as a primary data collector.

Population and Research Sample

The population in this research were all customers of KFC fast food restaurants Rungkut Surabaya Indonesia. The sampling method used is accidental sampling method. Criteria sample are 1) KFC Fast Food Customers Rungkut Surabaya Indonesia. 2) At least 2x has been place an order. 3) Customers at least 17 years of age. Estimates used are Maximum Likelihood Estimation (ML) and the number of the sample about 200 respondents, which is adapted to the provisions of the Structural Equation Modeling (SEM).

Classification and Definition of Operating Variables

Classification of Variables

The research variables are determined and classified in accordance with the research that have been formulated. TQS variable (X1), and CRM (X2) is used as an exogenous variable, and customer loyalty variable (Y) as an endogenous variable, while the variable customer satisfaction (Z) acts as an intervening variable.

Operation Variable Definition

a. Total Quality Service

Total Quality Service in question in this research is strategic and integrative management system that involves all managers and employees, as well as using the methods of qualitative and quantitative continuously to improve organizational processes, in order to meet and even exceed the needs, desires, and expectations of customers. TQS was measured using five dimensions which include: Commitment Response, Product Improvement, Process Improvement, Human Resource Excellent, Customer Orientation Response, and Economics Advantage.
b. Customer Relationship Management

Customer Relationship Management is a management assessment firm to his success in delivering satisfaction to customers. CRM measured using three indicators, which is: People, Processes / Procedures, and Technology.

c. Customer Satisfaction

Customer Satisfaction is the pleasure given by customers when services are obtained and the corresponding products even exceed the expectations of customers. Customer satisfaction is measured using three indicators, which is: Price and Quality, Convenience of Acquisition and Employee Experience.

d. Customer loyalty

Customer loyalty is a response to customer behavior expressed in a long time to still choose the product provider Rungkut KFC fast food restaurant Surabaya Indonesia, consistently. In measuring, customer loyalty is divided into four indicators, which is: cognitive loyalty, affective loyalty, conative loyalty, action loyalty.

3. RESULTS AND ANALYSIS

3.1. RESULTS

3.1.1. Validity Test

The test results showed a significant validity for all indicators, which means that the indicators or question items for each of the variables contained in the questionnaire are qualified validity. Validity is measured by consistency internal validity using Pearson product moment correlation method. The test result is known that all values of Pearson correlation showed significance <0.05 and correlation values> 0.4, and all the indicator variable has a value of critical ratio that is two times larger than the error standard. Therefore it can be concluded that all the indicator variables used in the research is valid.

3.1.2. Reliability Test

Test results using Cronbach alpha reliability coefficient get more results more than 0.7 matches all at dimensions of the measured variables, it means that the instrument proved to have acceptable reliability, are presented in Table 1 [18].

<table>
<thead>
<tr>
<th>Table 1. Results of Reliability Test Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Total Quality Service</td>
</tr>
<tr>
<td>Commitment Response</td>
</tr>
<tr>
<td>Product Improvement</td>
</tr>
<tr>
<td>Process Improvement</td>
</tr>
<tr>
<td>Customer Orientation Response</td>
</tr>
<tr>
<td>Human Resource Excellent</td>
</tr>
<tr>
<td>Economics Advantage</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
</tr>
<tr>
<td>Human</td>
</tr>
<tr>
<td>Process / Procedure</td>
</tr>
<tr>
<td>Technology</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>Price and Quality</td>
</tr>
<tr>
<td>Convenience of Acquisition</td>
</tr>
<tr>
<td>Employee Experience</td>
</tr>
<tr>
<td>Loyalty</td>
</tr>
<tr>
<td>Cognitive</td>
</tr>
<tr>
<td>Affective</td>
</tr>
<tr>
<td>Conative</td>
</tr>
<tr>
<td>Action</td>
</tr>
</tbody>
</table>

Sources: analysis results

3.1.3. Estimated Model

At this stage of the measurements carried out confirmatory factor analysis / measurement model of the construct validity of the TQS (X1), CRM (X2), customer loyalty (Y), and customer satisfaction (Z). This is shown in Figure 2.
3.1.4. Goodness Of Fit Test

This test is done to see if the models are developed according to (fit) with the available data. Items that are used for testing is shown in Table 2. The results of the test data using a sample of 200, may indicate the level of significance to test the above are difference, are 117.956 with probability 0.064. This indicates that there is no difference between the covariance matrix sample and the covariance matrix population, so that the research model is accepted.

While the value of GFI, AGFI, TLI, CFI, RMSEA and CMIN / DF respectively 0.918, 0.818, 0.942, 0.932, 0.0782 and 1.203 are all located in the expected range of values so that the model can be accepted.

### Table 2. Goodness of Fit Index Research Model

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Cut-off Value</th>
<th>Test Model Results</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ / Chi-Square</td>
<td>≥ 0.05</td>
<td>0.064</td>
<td>Good</td>
</tr>
<tr>
<td>Significance probability</td>
<td>≥ 0.90</td>
<td>0.918</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.818</td>
<td>Average</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.95</td>
<td>0.942</td>
<td>Average</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.95</td>
<td>0.932</td>
<td>Average</td>
</tr>
<tr>
<td>CFI</td>
<td>≤ 0.08</td>
<td>0.078</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 2.00</td>
<td>1.203</td>
<td>Good</td>
</tr>
</tbody>
</table>

Sources: analysis results

3.1.5. Parameters Test

To determine the causal relationship between each variable, testing the null hypotheses that the relation between the regression coefficients equal to zero through the t-test in the regression models. By considering the regression results in Table 3 it is known that the value of critical ratio (CR) which is identical with the t-test in the regression analysis can be seen that all the regression coefficients are significantly different from zero. Thus the null hypotheses can be rejected and the alternative hypotheses can be accepted. The existence of a causal relation in the model is acceptable.
Table 3. Parameter Estimation Research Model

<table>
<thead>
<tr>
<th>Regression Weights</th>
<th>Standard Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total_QS → Customer_Satisfaction</td>
<td>.330</td>
<td>.092</td>
<td>3.140</td>
<td>.002</td>
</tr>
<tr>
<td>Total_QS → Customer_Loyalty</td>
<td>.507</td>
<td>.141</td>
<td>2.654</td>
<td>.008</td>
</tr>
<tr>
<td>Customer_RM → Customer_Satisfaction</td>
<td>.870</td>
<td>.271</td>
<td>4.993</td>
<td>.000</td>
</tr>
<tr>
<td>Customer_RM → Customer_Loyalty</td>
<td>.994</td>
<td>.332</td>
<td>3.927</td>
<td>.000</td>
</tr>
<tr>
<td>Customer_Satisfaction → Customer_Loyalty</td>
<td>.396</td>
<td>.212</td>
<td>2.576</td>
<td>.015</td>
</tr>
</tbody>
</table>

Sources: analysis results

On the table 3 shows us that TQS which already implemented by the KFC fast food restaurant has a positive relation and significantly effect on Customer Satisfaction. This is proved by the value of t-test (critical ratio) is greater than t-table (3.140> 1.98) and the probability value is smaller than 0.05 (0.002> 0.05).

There is a relation between Total Quality Service with Customer Loyalty in amount of 0.507. it means that TQS has positive and significantly effect on customer loyalty directly at KFC fast food restaurants. This is proven by the value of t-test (critical ratio) is greater than t-table (2,654> 1.98) and the probability value is smaller than 0.05 (0.008> 0.05).

There is a relation between Customer Relationship Management with Customer Satisfaction in amount of 0.870, it means that CRM which has been done by KFC fast food restaurant positive and significantly effect on Customer Satisfaction. This is proven by the value of t-test (critical ratio) is greater than t-table (4,993> 1.98) and the probability value is smaller than 0.05 (0.00 <0.05).

There is a relation between Customer Relationship Management with Customer Loyalty in amount of 0.994. it means that CRM positive and significantly effect directly to the Customer Loyalty in KFC fast food restaurant. This is proven by the value of t-test (critical ratio) is greater than t-table (3,927> 1.98) and the probability value or p-value less than 0.05 (0.000 <0.05).

There is a relation between Customer Satisfaction with Customer Loyalty in amount at 0.396. it means that Customer Satisfaction positive and significantly effect directly on Customer Loyalty in KFC fast food restaurant. This is proven by the value of t-test (critical ratio) is greater than t-table (2,576> 1.98) and the probability value is smaller than 0.05 (0.015> 0.05).

3.2. ANALYSIS

3.2.1. How Total Quality Service Effects Toward Customer Satisfaction?

This research found that total quality service significantly effect toward Customer Satisfaction in KFC fast food restaurant Rungkut Surabaya. The findings of this research inform that TQS variable factors have positive impact to Customer Satisfaction, which the TQS-forming factors are: Commitment Response, Product Improvement, Process improvement, Human Resource Excellent, Customer Orientation Response, and Economics Advantage.

The most dominant contribution in shaping the TQS was an indicator that is Process Improvement: The restaurant has a good order system, has a quick process to fulfill the orders. Employees are often asked to explain the products to customers. The main factors that affect the success or failure of the quality of service is Process Improvement. Process Improvement with dominant dimension in forming the variable total quality service, then the restaurant should be more serious to improve process improvement in conjunction with TQS.

In principle, the quality of services focused on addressing the needs and desires of customers, as well as to offset the delivery accuracy and exceed the needs, wants and expectations of customers [2]. The results of the research Tatik Suryani et al., (2001), also found that service quality variables are jointly significant effect on the performance of HR, Customer Satisfaction, quality of service and relative financial performance of banking [2].

3.2.2. How Total Quality Service Effects Toward Customer Loyalty?

This research found that TQS significantly effect toward customer loyalty in KFC fast food restaurant Rungkut Surabaya. The findings of this research inform that TQS variable factors have positive impact to customer loyalty.

The same research findings also indicated by Tjahjono (2009); Tatik Suryani, et al., (2002) which states that service quality factors, which predominantly affects Customer Satisfaction is the reliability factor [2],[10]. Salehudin conduct research on the effects of service quality on satisfaction and loyalty of students, which states that the five dimensions of service quality significantly effect student satisfaction and loyalty,
and the dominant factor is the factor responsiveness. This indicates that the TQS to 6 dimensions greatly affect the customer, which in turn can effect the Customer Loyalty restaurant.

3.2.3. How Customer Relationship Management Effects Toward Customer Satisfaction?

This research found that CRM significantly effect toward Customer Satisfaction in KFC fast food restaurant Rungkut Surabaya. The findings of this research inform that the variable factors of CRM has positive impact to Customer Satisfaction, which CRM-forming factors are: people, processes / procedures, and technology.

The most dominant contribution in the form of CRM technology is an indicator that is: restaurant provides internet site to submit customer complaints or suggestions, restaurant accomodate internet site for online ordering, the restaurant provides an easy phone number to be contacted. The main factors that affect the success or failure of CRM is technology. With the dominant dimension of CRM technology in forming variable, then the restaurant should be more serious to improve technology-based services in conjunction with CRM. CRM is a way to maintain and create Customer Loyalty. CRM is essentially a collaboration with any customer who is able to create a state that is not detrimental to either party (win win situation). Similar results were also shown by studies Wetsch, Lyle R (2006) which states that by using the theory of justice to investigate the potential impacts that could be caused by the involvement of the customer in the CRM implementation. Trust, Customer Satisfaction and Customer Loyalty [15]. Feliks and Panjaitan (2012) also informs the existence of significant impact between CRM with Customer Loyalty [13].

3.2.4. How Customer Relationship Management Effects Toward Customer Loyalty?

This research found that CRM significantly effect toward Customer Loyalty in KFC fast food restaurant Rungkut Surabaya. The findings of this research inform that the variable factors of CRM has positive impact to the Customer Loyalty, it means that to increase Customer Loyalty need first to implement CRM. These findings also suggest that the better CRM implemented by the company will increase customer loyalty. This indicates Customer Loyalty is very necessary to get attention, because in the end Customer Loyalty affect the company's performance.

The results of the research in line with the opinion of Bowen (2001), the implementation of CRM can be measured from the behavior of customers towards the company itself, which is where they will make the purchase again (repeat purchase), more loyal to the company (increase of loyalty), has the intention both the company (goodwill), spoke about the positive things the company to others (positive word of mouth) and lower costs (lower costs for the firm) [3]. While Jojo, Danang (2011) showed a positive and significant effect of CRM on Customer Loyalty, whereby changes in the company's Customer Loyalty is directly caused by changes in the implementation of CRM [16].

3.2.5. How Customer Satisfaction Effects Toward Customer Loyalty?

This research found that customer satisfaction significantly effect toward Customer Loyalty in KFC fast food restaurant Rungkut Surabaya. The findings of this research inform that variable factors Customer satisfaction has a positive impact to the Customer Loyalty, Customer Satisfaction wherein the determining factors are: Price and Quality, Convenience of Acquisition, and Employee Experience.

In an era of intense business competition, customer satisfaction is the main thing. Effort should be made to satisfy customer needs profitably or is a "win-win situation" is a state where both parties feel to win and there are no losers. Therefore it is proper this is done, the customer satisfaction because they are a good bridge the loyalty of customers, in other words, a satisfied customer will lead to customer loyalty. Alternatively effort to improve customer loyalty, can be done through increased customer kepungan dimensions include Price and Quality which refers to the appropriateness of the price and quality of the products obtained by the customer when purchasing or ordering a product from KFC Fast Rungkut Surabaya. Convenience of Acquisition which refers to the ease and convenience provided by the company to the customer. Employees experience refers to the relationship between customers and employees, especially in terms of communication related to ordering food, which helps give advice and opinions to customers who want to order food.

Similar results were also by Panjaitan (2011); Tjahjono, (2009), informs that there are significant effect on student satisfaction as college consumer toward student loyalty [10],[17]. To improve and maintain the value of loyalty to remain high, then the management of KFC Fast Rungkut Surabaya must consistently maintain this satisfaction scores, by implementing the best possible quality of service, and make improvements and innovations to the existence of Total Quality Service and CRM as an exogenous variable, which encourages the rising value of satisfaction, which in turn pushes up the customer loyalty.
4. CONCLUSION

Based on the analysis research that has been done before then from this research can be concluded as follows:

1. Total quality service positive and significantly effect toward customer satisfaction. This case shows that by implementing good TQS, will encourage increased customer satisfaction.
2. Total quality service positive and significantly effect toward customer loyalty, it demonstrates that by implementing good TQS, will encourage increased customer loyalty.
3. Customer relationship management positive and significantly effect toward customer satisfaction, it demonstrates that by implementing good CRM, will encourage increased customer satisfaction.
4. Customer relationship management positive and significantly effect toward loyalty, it demonstrates that by implementing good CRM, will encourage increased customer loyalty.
5. Customer satisfaction positive and significantly effect toward loyalty, this suggests that when customer satisfaction formed will encourage increased customer loyalty.

SUGGESTION

Related to the role of the TQS and CRM Customer loyalty, indirectly, through customer satisfaction, not included into the research in this research, then this may be a research for subsequent research.

REFERENCES


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