THE EFFECT OF SERVICE QUALITY AND CUSTOMER SATISFACTION ON CUSTOMER LOYALTY IN USERS OF J&T EXPRESS SERVICES IN THE SURAKARTA

Septy Agil Sejati

Muhammadiyah University of Surakarta

b100190396@student.ums.ac.id

ABSTRACT

This study aims to analyze the effect of service quality (X) and customer satisfaction (Z) on customer loyalty (Y) for J&T Express service users in the Surakarta Residency. The population in this study were J&T Express service users in the Surakarta Residency and obtained a sample of 90 respondents using the Purposive Sampling technique. The data collection method uses a questionnaire and is processed using Partial Least Square (PLS) analysis with SmartPLS 3.0 software. The results of this study indicate that service quality has a significant positive effect on customer satisfaction, customer satisfaction has a significant positive effect on customer loyalty, service quality has a significant positive effect on customer loyalty, and service quality has a significant positive effect on customer loyalty mediated by customer satisfaction.

Keywords: *Service Quality, Customer Satisfaction, Customer Loyalty.*

A. INTRODUCTION

With the advancement of technology in the current era of globalization, developments in the business world in the field of freight forwarding services or the expedition business are developing rapidly. This expedition business is a type of business in the service sector that is oriented towards the distribution of goods by planning, organizing, and controlling the movement of goods from delivery to the destination. Currently, Indonesia is booming with online transactions that were born due to internet progress. This online transaction occurs in buying and selling through online sites. With the buying and selling potential of the online site, it is capable of giving birth to various e-commerce platforms such as Shopee, Lazada, and Tokopedia.

Users who transact online can choose which e-commerce they like by considering the features and easy and fast payment system. Several e-commerce entrepreneurs provide various options for shipping goods to buyers, such as through J&T Express, JNE, Pos Indonesia, TIKI, SiCepat, ID Express, Ninja Express, Anteraja, and DHL. For example, on the Shopee e-commerce platform, customers prefer to use J&T Express expeditions for shipping their orders. So this can make J&T Express considered a supporter of the emergence of developments in e-commerce in Indonesia. With the progress of e-commerce, it can provide flexibility, convenience, and comfort as well as a personal impression when making transactions (Chen et al., 2018)

Service quality is a condition in which there is a difference between expectations and the reality received by customers for a service. According to Tjiptono (2007), service quality is an effort to fulfill consumer needs and desires. So that when the quality of service is considered good by customers, a further assessment will be created, namely related to customer satisfaction.

Kotler and Keller (2013), customer satisfaction is a person's feeling of satisfaction or disappointment resulting from a comparison of product performance or results with expectations. In this case, customer satisfaction is a consideration for companies to improve

performance associated with improving the service quality. Service-oriented to achieve customer satisfaction is not an easy thing to obtain, because there will be many problems encountered in managing a company's services and failure to achieve customer satisfaction.

When customers are satisfied with the quality of service provided by the company, customer loyalty will be created for the products or services of the company. Customer loyalty is very important to note for companies and business people in general, this will also later become related to the existence of a customer's heart which is satisfied with the existence of some of the services and quality provided to the company (Aleron & Nurhadi, 2022).

Researchers also raise issues from the results of research by Rubogora Felix (2017) with the title "Service Quality and Customer Satisfaction in Selected Banks in Rwanda". Where the research shows that service quality and customer satisfaction have a positive effect as a trigger for bank customer loyalty at Banque Populaire du Rwanda. Loyalty is the loyalty of a customer to an object, and the customer's willingness to use goods and services repeatedly over a long period. Consumer loyalty is very important for companies to increase their profits of a company. In convincing customers to use delivery services from J&T Express, one way is to create customer loyalty behavior with long-term effects.

An article uploaded by Mahmud (2019) which recounts the experience of using the J&T Express service also has several drawbacks such as frequent delays in the delivery of goods in regular services. This regular service has been programmed, meaning that the customer's goods will arrive at their destination within 2-3 days, but sometimes it can be more than that estimate. Not only that, customers' goods are often damaged and lost during the shipping process. When the goods that customers receive are damaged or even lost, not a few customers complain about these complaints to customer service or come directly to the J&T Express outlet to get accountability for their goods. However, sometimes J&T Express does not respond to customer complaints properly and quickly.

With the presence of various problems and raising issues from previous research, further research is needed relating to service quality, satisfaction, and loyalty for service users at J&T Express. The researcher chose the Surakarta Residency area because it was easy to reach. So the researcher is interested in conducting research with the title "The Effect of Service Quality and Customer Satisfaction on Customer Loyalty in Users Of J&T Express Service in the Surakarta"

Bassed on the background describe above, the formulation of the problem in this study is as follows:

1. Does Service Quality positively and significantly influence J&T Express Customer Satisfaction in Surakarta?
2. Does Customer Satisfaction positively and significantly influence J&T Express Customer Loyalty in Surakarta?
3. Does Service Quality positively and significantly influence J&T Express Customer Loyalty in Surakarta?

Does Service Quality have a significant positive effect on Customer Loyalty for J&T Express Service Users in Surakarta mediated by Customer Satisfaction?

The objectives of the research to be achieved in this research are:

1. To analyze the effect of service quality on customer satisfaction for J&T Express service users in Surakarta.
2. To analyze the effect of customer satisfaction on customer loyalty to J&T Express service users in Surakarta.
3. To analyze the effect of service quality on customer loyalty to J&T Express service users in Surakarta.
4. To analyze the effect of service quality on customer loyalty mediated by customer satisfaction for J&T Express service users in Surakarta.

Understanding Service Quality.

According to Muslimah, et al., (2021), service quality is an attitude or a company's way of serving and satisfying the needs of its customers. Service quality is all forms of activities carried out by a company to fulfill the expectations of a consumer. In this case, the company is said to have good service if it provides goods or services according to the wishes of a consumer. The quality of goods or services with good service also has a good impact on the company to gain a profit. This research focuses on the quality of service expected by service users from J&T Express. The quality of services provided to consumers must have clear objectives and functions to provide maximum satisfaction. So the company providing services must be carried out by its functions and objectives.

The purpose of this service is for customers to feel satisfied and the impact on the company can obtain maximum profits. The research of Suparyanto dan Rosad (2020), argues that in the goods delivery service business providing good service quality will also provide good feedback from customers in evaluating the performance of company services so that this can make a competitive advantage for the company.

Understanding Customer Satisfaction.

According to Maria Stock, et al., (2017), customer satisfaction is an assessment of a product or service in terms of whether their expectations and needs can be met related to the product or service. Customer satisfaction is the level of one's feelings after comparing perceived performance with expectations (Kotler, 2003) .In creating a competitive market where businesses must be able to compete for customers. Customer satisfaction can be seen as the main differentiator and can be a key element of business strategy. So customer satisfaction can be interpreted as a feeling of pleasure or not someone who appears when using a product of goods and services from what someone expects.

El Saghier & Nathan (2013), stated that companies in the freight forwarding service industry must study and identify their strengths and weaknesses and compare them with their current competitors and suggest strategies for improvement and progress going forward.

Understanding Customer Loyalty.

According to Griffin (2005) ,customer loyalty is the formation of attitudes and behavior patterns of a consumer toward purchasing and using products resulting from their previous experiences. Meanwhile, according to Kotler and Keller (2007), loyalty is defined as a strongly held commitment to buy or subscribe which will be the key to success, not only in the short term but sustainable competitive advantage despite situational influences and marketing efforts that have the potential to cause behavior change.

Companies will work hard to maintain their market share to build and maintain customer loyalty. Customer loyalty is a manifestation or form of the loyalty of a user of a product or service on an ongoing or continuous basis. Becoming a loyal customer must go through several processes and stages and be accompanied by gradual growth. The process is passed within a certain period at each stage of growth which is balanced with affection and attention from the company. By recognizing each stage and meeting those specific needs, companies have a greater chance of converting buyers into loyal customers.

B. RESEARCH AND METHODS

Type of Data

In this study, the source of data comes from primary data. Primary data is data obtained directly from the research object which is obtained from the respondents' answers through filling out the questionnaire. The answers obtained from this study were answers to questionnaires from the number of respondents using J&T Express services in the Surakarta.

Place and Time of Research

This research was conducted in the Surakarta Residency. The Surakarta Residency is an area that is divided into several regions, namely Karanganyar, Sukoharjo, Surakarta, Wonogiri, Boyolali, Klaten, and Sragen. The reason for choosing the Surakarta Residency was because many friends, relatives, and researchers were domiciled in the Surakarta Residency so they became suitable representatives to conduct research. The reseach time that will be used by researchers is January and February 2023.

Population and Sample

According to Margono (2004), the population is the entire object of research consisting of humans, objects, animals, plants, symptoms, test scores, or events as data sources that have characteristics in a study. The population in this study are mostly friends, family, relatives, and members of the writing community who live in the Surakarta Residency and who have used expedition services at J&T Express.

The sample is part of the quantity and characteristics of the population (Sugiyono, 2010).The sample referred to in this study is the users of the J&T Express delivery service in the Surakarta Residency. Samples were taken based on several considerations and certain criteria from the researcher. Determining the number of samples in this study is based on the opinion of Ferdinand (2014), that the sample size depends on the number of indicators used in all variables. The number of samples is the same as the number of indicators multiplied by 5 to 10. In this study, the number of variables studied was 3 with a total of 18 indicators. So referring to Ferdinand, the number of samples in this study was 90 respondents.

The technique used in sampling in this study was the purposive sampling technique. This technique was carried out as a form of the researcher's assessment of aspects to fulfill the requirements in sample testing (Sekaran, 2015). As for the requirements and criteria for the sample in this study, respondents used the J&T Express delivery service in the Surakarta Residency, who used the delivery service at least once a month.

Method of Collecting Data

In this research, the data collection was carried out by distributing questionnaires. Questionnaires are a data collection technique that is carried out by giving some questions to prospective respondents. And the questionnaires are distributed to respondents according to the problems to be studied to obtain data which is carried out in private, which means that respondents can only choose answers that have been provided by the researcher. The questionnaire was created via the Google Form, which will later be distributed online to 90 respondents via social media, especially on the WhatsApp and Instagram applications.The research instrument used in this study used a Likert Scale. The level of assessment used a 5 point scale.

Data Analysis Method

In this study, data analysis was carried out using Structural Equation Modeling (SEM) analysis using the Partial Least Square (PLS) evaluation model with the SmartPLS 3.0 software program. Evaluation of the Partial Least Square (PLS) model is carried out by evaluating the outer model and inner model.

C. RESEARCH RESULTS AND DISCUSSION

Analysis Partial Least Square

Evaluation of the Partial Least Square (PLS) model is carried out by evaluating the outer model and inner model as follows:
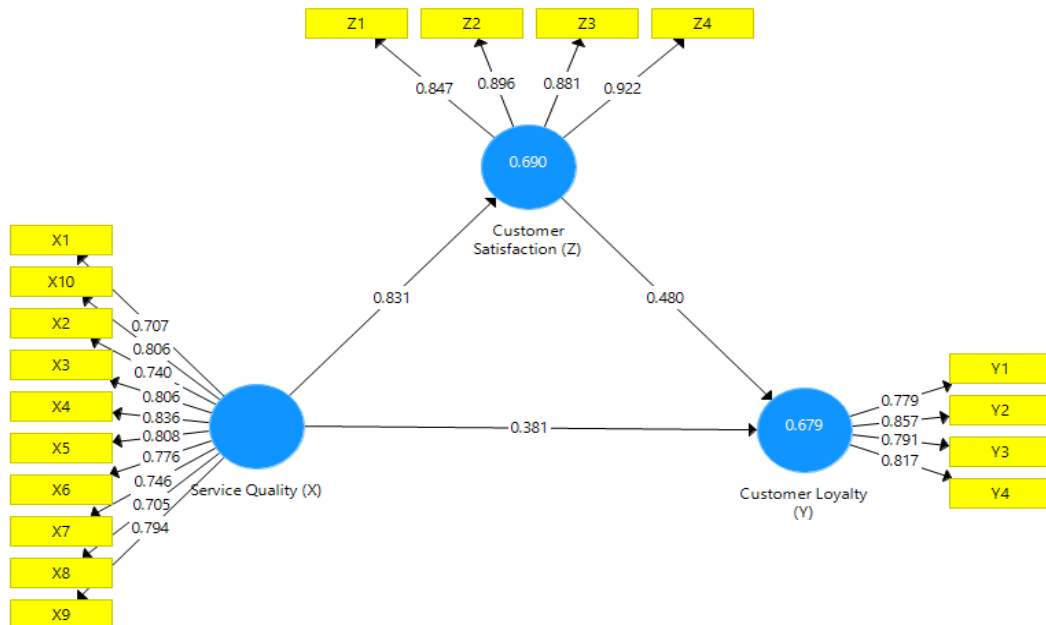
Figure 1. Partial Least Square Model

Evaluation Measurement Model (Outer Models)
1. **Convergent Validity**
    Convergent validity has the objective of testing correlations and item scores/component scores with construct scores. A measure that can be said to be reflexive if the outer loading value is > 0.7. And this test shows that each variable indicator has an outer loading value > 0.7. So that the research data can describe that all the indicators used in this study are feasible and valid for further analysis.
2. **Discriminant Validity**
    In testing this discriminant validity by looking at cross-loading. That is, it can be seen from the variable indicators that meet discriminant validity if they have the highest cross-loading value when compared to other variables. And in testing the data this research was able to show if each variable indicator has the highest cross-loading value on the variable it forms rather than the cross-loading value of other variables. This shows that all indicators have good discriminant validity to form each variable.
3. **Validity**
    In testing this validity through discriminant validity assessment. The assessment is seen through the AVE value. Each variable must have AVE > 0.5 to be categorized as valid.

Table 1. Validity Test

Variable	AVE	
Service Quality (X)	0.599	VALID
Customer Loyalty (Y)	0.658	VALID
Customer Satisfaction (Z)	0.787	VALID

The table above shows that all variables have an AVE value > 0.5, so they can be categorized as valid and pass the validity test.

4. Reliability

The validity test aims to see the consistency of the questionnaire in the research that has been distributed. In testing, it can be seen based on the composite reliability value. The value of composite reliability serves to measure the value of real construct reliability and can be categorized as better for measuring construct consistency. A variable is said to be reliable if it has a composite reliability value > 0.7.

Table 2. Reliability Test

Variable	*Compsite Reliability*	*Cronbach's Alpha*	
Service Quality (X)	0.937	0.925	RELIABLE
Customer Loyalty (Y)	0.885	0.827	RELIABLE
Customer Satisfaction (Z)	0.936	0.909	RELIABLE

The table above shows that the composite reliability value of all variables is > 0.7, so it can be said that the variables in this study are reliable. The Cronbach's alpha value for each research variable also has a value > 0.6, so it can be categorized as having passed the test.

5. Multicollinearity

The multicollinearity test aims to determine the correlation between the independent variables. In this study, the test was seen based on the VIF value which has the condition that the value is <5, so the model is free from multicollinearity.

Table 3. Multicollinearity Test

	Customer Satisfaction	Service Quality	Customer Loyalty
Service Quality (X)			3.230
Customer Loyalty (Y)	1.000		3.230
Customer Satisfaction (Z)			

The table above shows that the inner result of the service quality variable on customer loyalty is 3.230 and on customer satisfaction is 1.000. And the value of customer satisfaction on customer loyalty is 3.230. So that the value of each variable indicates that VIF < 5, then it is free from multicollinearity.

Evaluating Inner Models

1. Coefficient Determination (R^2)

Table 4. Coefficient Determination (R^2)

	R Square
Customer Satisfaction	0.690
Customer Loyalty	0.679

The table above shows that the magnitude of the influence of service quality variables on customer satisfaction is 69.0%. Meanwhile, the magnitude of the influence of service quality on customer loyalty is 67.9%.

2. **Goodness of Fit**

This research model was tested by calculating Q^2. Q^2 value > 0 indicates that this research model has predictive relevance. The Q^2 value is in the range of $0 < Q^2 < 1$, where if the Q^2 value is close to 1, it means the value is getting better.

$$Q^2 = 1-(1-R_1^2) \times (1-R^2)$$
$$= 1-(1-0.690) \times (1-0.679)$$
$$= 1-(0.31) \times (0.321)$$
$$= 1- 0.09951$$
$$= 0.9004 \text{ or } 90.04\%$$

Based on the calculation above, the Q^2 value of this study is obtained, which is equal to 0.9004, so this value is close to 1 and indicates the amount of variation in the data to become a research model, namely 90.04%, while the remaining 9.96% is due to other factors. So these results can be categorized as the research model meets the criteria of good goodness of fit.

3. **Hypothesis**

Direct Effect

The direct effect test is shown in the path coefficient table, which is obtained through the bootstrapping technique. If a relationship between variables can be said to be significant or able to give effect if it has a P-Values <0.05.

Tabel 5. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation(STDEV)	T Statistic	P Value
Customer Satisfaction (Z) → Customer Loyalty (Y)	0.480	0.473	0.168	2.858	0.004
Service Quality (X) → Customer Satisfaction (Z)	0.831	0.834	0.036	22.990	0.000
Service Quality (X) → Customer Loyalty (Y)	0.381	0.386	0.170	2.244	0.025

Based on table 5 above, it can be described as follows:

H1: The t-statistic value of the direct effect of customer satisfaction on customer loyalty is 2,858 and the magnitude of the effect is 0,480, where the P-Values is 0,004 <0.05. So, the conclusion is that customer satisfaction has a significant positive effect on customer loyalty. So, the first hypothesis is accepted.

H2: he t-statistic value of the effect of service quality on customer satisfaction is 22,990, where the magnitude of the effect is 0.831 and the P-Values is 0.000 <0.05. So, the conclusion is that the quality of service has a significant positive effect on customer satisfaction. Then the second hypothesis is accepted.

H3: The t-statistic value of the effect of service quality on customer loyalty is 2,244, where the magnitude of the effect is 0.381 and the P-Values is 0.025 <0.05. So, the conclusion is that service quality has a significant positive effect on customer loyalty. So, the third hypothesis is accepted.

Indirect Effect

In the indirect effect test, this research can be seen through the specific indirect effect table obtained from the bootstripping technique. Where a relationship between variables can be said to be significant or able to give effect if it has a P-Values <0.05.

Table 6. Indirect Effect

Indirect Effect	Original Sample (O)	Sampe Mean (M)	Standard Deviation (STDEV)	T-Statistic	P-Value
Service Quality (X) → Customer Satisfaction (Z) → Customer Loyalty (Y)	0.399	0.394	0.141	2.835	0.005

H4: The table above it can show that the t-statistic value of the effect of service quality on service loyalty through customer satisfaction is 2,835, where the magnitude of the effect is 0.399 and the P-Values is 0.005 <0.05. So, the conclusion is the role of customer satisfaction in mediating the relationship between service quality and customer loyalty is significantly positive. So, the fourth hypothesis is accepted.

D. CONCLUTION

Judging from the results of the research data analysis above, it can be concluded several points as follows:

1. Customer Satisfaction has a significant positive effect on Customer Loyalty for J&T Express Service Users in the Surakarta.
2. Service Quality has a significant positive effect on Customer Satisfaction in J&T Express Service Users in the Surakarta.
3. Service Quality has a significant positive effect on Customer Loyalty for J&T Express Service Users in the Surakarta.
4. Service Quality has a significant positive effect on Customer Loyalty for J&T Express Service Users in the Surakarta which is mediated by Customer Satisfaction.

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