

The Effect of Product Quality and Service Quality on Customer Satisfaction of Eazy Coffee Jombang

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ABSTRACT

The coffee shop business in Jombang district is progressing very rapidly. Every coffee shop must be able to improve product quality and service quality in order to create customer satisfaction. One of them is Eazy Coffee. The purpose of this study was to analyze the effect of product quality on Eazy Coffee customer satisfaction, to analyze the effect of service quality on Eazy Coffee customer satisfaction, and to analyze the level of customer satisfaction of Eazy Coffee. This research was conducted in the city of Jombang, precisely at Eazy Coffee. The data collection method used is the questionnaire method and the interview method. The data analysis method used is Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach and the Customer Satisfaction Index (CSI). Based on the research results show that 1) There is a significant influence between product quality on customer satisfaction. 2) There is a significant influence between service quality on customer satisfaction. 3) The level of customer satisfaction of Eazy Coffee is at a very satisfied level with a value of 88.65 percent.

Keywords: product quality; service quality; customer satisfaction

INTRODUCTION

Coffee consumption as a beverage has become a lifestyle and trend in Indonesia. People consume coffee as if making coffee a tradition in modern times. This can be seen from the increasing consumption of coffee in Indonesia. Although still low, the data below shows that coffee consumption has increased every year.

Table 1 World Coffee Consumption (Million)

Country	World Coffee Consumption			
	2018	2019	2020	2021
European Union	40,491	41,768	39,758	40,251
United States	26,112	27,759	26,651	26,982
Brazil	21,997	22,200	22,000	22,400
Japanese	7,750	7,561	7,355	7,386
Indonesian	4,750	4,800	4,806	5,000
Russian	4,324	4,691	4,631	4,681

Source: International Coffee Organization (2021)

Data from the International Coffee Organization (ICO) notes that the trend of coffee consumption in

Indonesia has continued to increase over the past four years. In coffee consumption in Indonesia, there has been an increase of 5 million bags in 2021. The increase in coffee consumption goes hand in hand with the consumptive nature and changes in people's lifestyles. This increase in coffee consumption is required by the development of coffee shop business in several regions of East Java, especially in Jombang Regency. The coffee shop business in Jombang Regency is progressing very rapidly. This is an opportunity for business competition for coffee shop business people. Each coffee shop in Jombang Regency has different characteristics, namely by offering the characteristics of the coffee shop to get more attention from consumers. One of them is Eazy Coffee located on Jl. Adityawarman No.8, Kepanjen, Jombang, East Java 61417.

Product quality is not reviewed from the coffee shop point of view, but is seen from the consumer's point of view, namely the expected product quality and perceived product quality. In detail, if the perceived product quality is in accordance with expectations, then consumers will perceive product quality as good quality and consumers are also satisfied (Razak and Nirwanto, 2016). In addition, so that consumers do not move to other places, the coffee shop also needs to improve the quality of service. Based on the results of research (Kartikasari, 2020), consumers can assess service quality by comparing their experience and expectations with the service they receive to determine whether they are satisfied or dissatisfied. So it can be concluded that service quality is the level of coffee shop's ability to provide services in accordance with consumer expectations.

Kotler and Keller (2016), suggest that product quality and superior and excellent service quality can cause satisfaction for consumers themselves. Customer satisfaction is intended so that consumers can experience one of three levels of general satisfaction, namely if the performance is below expectations, consumers will feel disappointed but if the performance is in line with consumer expectations will feel satisfied and if the performance can exceed expectations, then consumers will feel very satisfied or happy. Customer satisfaction is very important for a business, because the creation of consumer satisfaction can provide benefits including the relationship between the company and consumers to be harmonious, provide a good basis for repeat purchases, and form recommendations that are positive and will benefit a business, therefore entrepreneurs should arrange various strategies so that consumers can feel happy with what is being given and when consumers feel happy about what is being given Already consumers feel, then they will think twice about coming back and making repurchases (Tjiptono, 2017). Based on the description above, the author is interested in conducting research "The Effect of Product Quality and Service Quality on Consumer Satisfaction". The objectives in this study are as follows:

1. Analyze the effect of product quality on customer satisfaction Eazy Coffee.
2. Analyze the effect of service quality on customer satisfaction Eazy Coffee.
3. Analyze the level of customer satisfaction Eazy Coffee.

RESEARCH METHODS

The sampling technique in this study is accidental sampling, taking respondents as samples based on chance, that is, anyone who coincidentally meets the researcher can be used as a sample, if it is considered that the person who happened to meet is suitable as a data source (Sugiyono, 2016). Sampling for an unknown number of populations, Cochran's formula is used as follows (Sugiyono, 2017):

$$\text{Where: } n = \frac{Z^2 pq}{e^2}$$

The number of sample sizes in this study is as follows:

$$n = \frac{1,96^2 \cdot 0,5 \cdot (0,5)}{(0,1)^2}$$

n = 96.04 = 100 respondents.

The result above 96.04 is a fraction and according to Sugiyono (2019), the calculation that produces a fraction (there is a comma) should be rounded up. So that the number of samples in this study is 100 respondents. The data analysis methods used are SEM-PLS (Structural Equation Modelling-Partial Least Square) and CSI (Customer Satisfaction Index).

RESEARCH RESULTS AND DISCUSSION

1. SEM-PLS (Structural Equation Modelling-Partial Least Square)

Evaluation of Measurement Model (Outer model)

Table 2. Average Variance Extracted (AVE) Values

	X1	X2	Y
Avg. Var. extrac.	0.635	0.697	0.775

Source: Primary Data (2023)

Based on the table above, it shows that the Average Variance Extracted (AVE) value has met the requirements of ≥ 0.50 for confirmatory.

Table 3 Square Root Values of AVE

	X1	X2	Y
Product quality	(0.797)	0.693	0.679
Quality of service	0.693	(0.835)	0.656
Customer satisfaction	0.679	0.656	(0.881)

Source: Primary Data (2023)

Based on the table above, it shows that the square root value of AVE is qualified. The square root value of AVE must be greater than the value of other constructs in one diagonal either above or below it (Sholihin & Ratmono, 2013).

Table 4 Composite Reliability and Cronbach's Alpha Values

	X1	X2	Y
Composite reliability	0.969	0.965	0.969
Cronbach's alpha	0.966	0.96	0.963

Source: Primary Data (2023)

Based on the table above, it shows that the Composite Reliability and Cronbach’s Alpha values have met the requirements of ≥ 0.70 .

Structural Model Evaluation (Inner Model)

Table 5. Model fit and quality indices

Model fit and quality indices	Fit criteria	Value analysis	Result
Average Path coefficient (APC)	$P < 0.05$	0.407 P < 0.001	Fit
Average R-squared (ARS)	$P < 0.05$	0.559 P < 0.001	Fit
Average adjusted R-squared	$P < 0.05$	0.550 P < 0.001	Fit
Average block VIF (AVIF)	Acceptable if ≤ 5 , Ideally ≤ 3.3	1,882	Fit
Average full collinearity VIF	Acceptable if ≤ 5 , ideally $\leq 3,3$	2,208	Fit
Tenenhaus GoF (GoF)	Small ≤ 0.1 , medium ≤ 0.25 , large ≤ 0.36	0,626	Fit
Symphson’s paradox ratio	Acceptable if ≤ 0.7 , ideally = 1	1,000	Fit
R-squared contribution Ratio	Acceptable if $\geq 0,9$, ideally = 1	1,000	Fit
Statistical suppression ratio	Acceptable $\geq 0,7$	1,000	Fit
Nonlinear bivariate causality direction ratio (NLBCDR)	Acceptable $\geq 0,7$	1,000	Fit

Source: Primary Data (2023)

Based on the table above shows that the ten items are fit, where Average Path coefficient (APC), Average R-squared (ARS), Average adjusted R-squared, Average block VIF (AVIF), Average full collinearity VIF, Tenenhaus GoF (GoF), Symphson’s paradox ratio, R-squared contribution ratio, Statistical suppression ratio, Nonlinear bivariate causality direction ratio (NLBCDR) meet the criteria of the fit model.

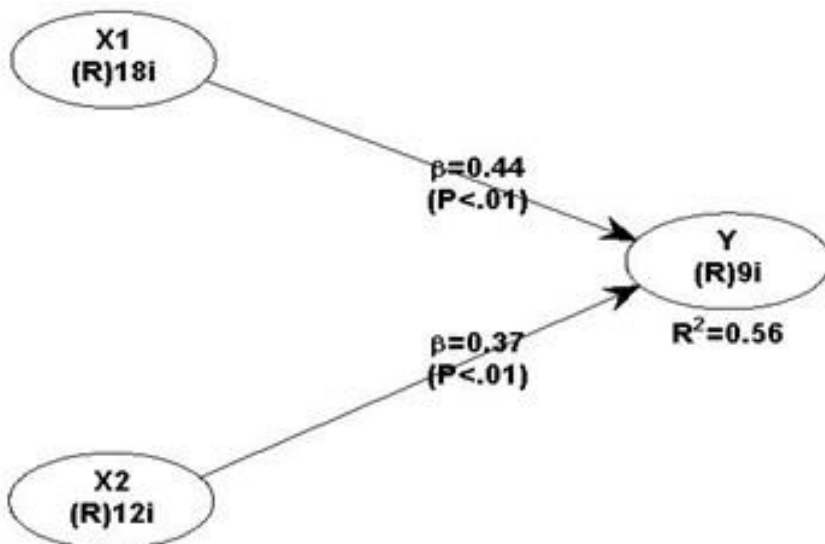


Figure 1 Hypothesis Test Results

Table 6 Test Hypothesis

Exogenous variables to endogenous variables	Path coefficients	P-Value	T Ratio	Result
Product quality to consumer satisfaction	0,439	<0.001	4,947 >1,960	Positive effect (high significance)
Quality of service to customer satisfaction	0,375	<0.001	4,151 >1,960	Positive effect (high significance)

Source: Primary Data (2023)

The effect of product quality on customer satisfaction

Product quality variables have a positive influence on customer satisfaction with a path coefficient value of 0.439, and a P-value of <0.001. These results state that product quality has a positive and significant effect on consumer satisfaction. This is proven through a hypothesis test that shows that the hypothesis in this study is acceptable, namely H_1 which states that product quality has a significant effect on customer satisfaction. The meaning of this significance shows that the product quality variables felt by consumers get a good response, in accordance with the indicators, namely performance, reliability, durability, features, consistency, and design by Eazy Coffee.

The effect of service quality on customer satisfaction

Product quality variables have a positive influence on customer satisfaction with a path coefficient value of 0.439, and a P-value of <0.001. This result states that service quality has a positive and significant effect on customer satisfaction. This is evidenced through a hypothesis test that shows that the hypothesis in this study is accepted, namely H_2 which states that service quality has a significant effect on customer satisfaction. The meaning of this significance shows that the variables of service quality felt by consumers through environmental conditions and the role of employees, in accordance with the indicators, namely tangibles, reliability, responsiveness and empathy get a good response.

2. CSI(Customer Satisfaction Index)

Customer Satisfaction Index (CSI) is an index used to measure the level of consumer satisfaction based on certain attributes (Putri et al., 2022). The measurement is carried out starting from calculating the average of each question and calculating the percentage to find out the criteria for customer satisfaction. This study uses Microsoft Excell in calculating the Customer Satisfaction Index. The results of CSI calculations are as follows:

Table 7. Calculation of Customer Satisfaction Index (CSI)

Question	Rata-rata Importance	Rata-rata Satisfation	WF (%)	WS
	(MIS)	(MSS)		
Y ₁	4.35	4.39	10.98	48.21
Y ₂	4.39	4.45	11.08	49.31
Y ₃	4.37	4.29	11.03	47.32
Y ₄	4.43	4.51	11.18	50.44
Y ₅	4.48	4.49	11.31	50.78

Y ₆	4.42	4.48	11.15	49.99
Y ₇	4.35	4.4	10.98	48.32
Y ₈	4.45	4.46	11.23	50.1

Source: Primary Data (2023)

Customer satisfaction index (CSI) =

$$= (443.26 : 5) \times 100$$

$$= 88.65\%$$

The analysis of overall customer satisfaction was carried out by calculating the sum of all Weight Scores with the maximum scale used in this study. This is in accordance with the results of calculations that have been carried out using CSI, it can be seen that Eazy Coffee's consumer satisfaction index is 88.65%, which shows that the level of consumer satisfaction is in the very satisfied category. In accordance with the satisfaction level criterion which states that the CSI score of 81% to 100% means very satisfied. This is in accordance with the hypothesis test which shows that the hypothesis in this study is acceptable, namely H₃ which states that the level of consumer satisfaction is at the level of satisfaction. This consumer satisfaction index can be used as a benchmark for Eazy Coffee to improve the level of service quality, improve product quality, and maintain customer satisfaction at Eazy Coffee .

CONCLUSION

This research was held with the aim of analyzing the effect of product quality and service quality on customer satisfaction of Eazy Coffee Jombang. The following conclusions were obtained:

1. Product quality has a positive and significant influence on consumer satisfaction at Eazy Coffee
2. Service quality has a positive and significant influence on customer satisfaction at Eazy Coffee
3. Eazy Coffee customer satisfaction index of 88.65%. This shows that the level of customer satisfaction of Eazy Coffee is in a very satisfied level.

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