

The Effect of Servicescape on Customer Loyalty with Customer Satisfaction as an Intervening Variable at Killiney Coffee Shop Medan

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ABSTRACT

The era of free trade has spurred every entrepreneur in the world to compete in advancing the business they run. The same thing was done by Indonesian entrepreneurs. Every company, whether engaged in goods or services, has a goal to live and develop. As it is known that the purpose of a business is to make customers feel satisfied. The creation of satisfaction can provide several benefits, including the relationship between the company and its customers being harmonious so as to provide a good basis for repurchasing and creating brand loyalty and making a recommendation from word of mouth that is beneficial for the company. Several factors such as servicescape and customer satisfaction can affect customer loyalty. This study aims to determine and analyze the effect of servicescape on customer loyalty with customer satisfaction as an intervening variable. The population in this study were all consumers of the Medan Killiney Coffee Shop who had visited at least 1 time in determining the sample of this study using the Wibisono theory because the population was unknown and the sample size was 96.04 and rounded to 97. The results showed that servicescape had a positive and significant effect on consumer loyalty. Servicescape had a positive and significant effect on customer satisfaction. Consumer satisfaction had a positive and significant effect on consumer loyalty. Servicescape had a positive and significant effect on consumer loyalty through customer satisfaction.

Keywords: Servicescape, Customer Satisfaction, Customer Loyalty

INTRODUCTION

The era of free trade has spurred every entrepreneur in the world to compete in advancing the business they run. The same thing was done by Indonesian entrepreneurs. Every company, whether engaged in goods or services, has a goal to live and develop.

The current business growth condition is quite high, Indonesia's economic growth reached 5% in 2018, which can be seen from the growth of companies with similar products as competitors, so that there will be competition in competing for market share and consumers. In this case the company should know the market, where the products or services that are produced will be offered or marketed.

As it is known that the purpose of a business is to make customers feel satisfied. The creation of satisfaction can provide several benefits, including the relationship between the company and its customers being harmonious so as to provide a good basis for repurchasing and creating brand loyalty and making a recommendation from word of mouth that is beneficial for the company.

Several factors such as servicescape and customer satisfaction can affect customer loyalty.

Customer loyalty is an important thing that must be maintained by the company for the sustainability of the company and can improve good relations between service providers and their customers. Loyal customers will benefit the company because loyal customers can indirectly contribute to introducing the products or services they have felt to their family or colleagues. Loyal customers will always use products or services from that company and are reluctant to use products from other companies.

Killiney Coffee Shop is a restaurant from Singapore. The restaurant offers a minimalist Singapore coffee-style atmosphere by serving 75% of a selection of typical Singapore products such as teh Tarik, penang curie, Hainanese chicken, and other Singapore products. Killiney's spatial concept is coffee shop. Killiney coffee shop provides music that is played live. This is intended to attract and provide special comfort given to customers. According to Lovelock (2011) consumer satisfaction is the result of comparisons between services perceived by consumers and services expected by consumers. If consumers feel that the actual service provided is better than their expectations, they will be happy, but if it is lower than their expectations, the individual will be less satisfied. The more cafes there are, the cafe managers must be more creative in presenting cafe concepts that can attract consumers' attention.

One of Killiney Coffee's marketing strategies is to open many outlets in potential city points such as malls, office and residential areas. Killiney Coffee has succeeded in entering the local Indonesian market since 2006 until now. Image Killiney Coffee is very attached to businessmen, women preune, to students. Killiney Coffee has opened many outlets in various locations such as Sun Plaza, Ringroad City Walks, Hermes Mall, Taman

Setia Budi Complex, Cemara Asri Complex, and USU Hospital.

With the decrease in the number of visitors at several Killiney Coffee Shop outlets in the city of Medan, the management of Killiney Coffee Shop must anticipate a decrease in the number of consumers by making new strategies that are in accordance with environmental conditions and the desires of these consumers and evaluating outlets that have decreased the number of consumers.

The phenomenon of customer loyalty at Killiney Coffee Shop Medan can be concluded well, seen in the statement whether you have ever come to visit Killiney Coffee Shop Medan with a percentage of 80%. It can be indicated that consumers are loyal to Killiney Coffee Shop Medan because they have visited it several times. But management must also consider the opinions of consumers who disagree with some of the questions above, this will be the beginning of consumer dissatisfaction which results in consumers being disloyal to Killiney Coffee Medan. According to Tjiptono (2015) consumer loyalty is customer commitment to a brand, store or supplier based on a very positive nature in long-term purchases. From this understanding it can be interpreted that brand loyalty is obtained because of a combination of satisfaction and complaints. While customer satisfaction is present of how much the company's performance to cause satisfaction by minimizing complaints so that long-term purchases made by consumers are obtained. Customer satisfaction is also a factor that can affect customer loyalty. The more satisfied a consumer is, the consumer will have loyalty to a product. Consumers who have loyalty to a product are consumers who get satisfaction from the product. Therefore, if consumers try several kinds of products, it exceeds the product satisfaction criteria or not. If after trying and the response is good, it means that the consumer is satisfied so that he will decide to buy the product consistently all the time. This means that

consumer loyalty to the product has been created.

According to Kotler and Armstrong (2010), consumer satisfaction is the extent to which the perceived performance of the product meets buyer expectations. If the product's performance is lower than customer expectations, then the buyer is satisfied or very happy. To identify consumer satisfaction at the Medan City Killiney Coffee Shop, a pre-research was carried out on 20 consumers of Killiney Coffee Shop Medan.

Servicescape is one of the factors that can increase customer satisfaction and make consumers loyal to a product. Lupiyoadi (2013) defines servicescape as a place where services are created and where service providers and consumers interact, plus any tangible elements used to communicate or support the role of these services. Based on the explanation described above, it can be seen that servicescape is a place where services are provided or physical environment that affects both the level of customer satisfaction and behavior related to purchases as well as providing a memorable experience to customers. To identify the problem phenomenon in the servicescape variable, pre-research interviews were conducted with 20 customers of Killiney Coffee Shop Medan regarding servicescape at Killiney Coffee Shop Medan.

The data shows that as many as 90% of consumers state that Killiney Coffee Shop Medan maintains good cleanliness. Then 75% of consumers stated that the lighting in Killiney Coffee Shop Medan is sufficient, because sufficient lighting will provide comfort for Killiney Coffee Shop consumers. Furthermore, 70% of consumers stated that Killiney Coffee Shop Medan carried out interesting room arrangements, it was seen that the arrangement concept of Killiney Coffee Shop Medan was different from other cafes such as the cashier having sufficient distance from the consumer's table and having equipment, different equipment from the cafes in generally. and 85% of

consumers stated that the location of the restaurant is easy for other people to know, this is because Killiney Coffee Shop Medan markets their outlets not only from large billboards but also markets their outlets through the website.

Through a pre-survey with the interview method to consumers, points that affect the loyalty of a customer are obtained. So this research is expected to provide useful input to foster loyalty from a customer. The research gaps to help and support this research are:

1. Imanto's research *et al.* (2016) states that servicescape has a positive and significant effect on consumer satisfaction, while Halim's research (2019) states that servicescape has a positive but not significant effect on consumer satisfaction.
2. Yuliantina and Gitasiswhara (2013) state that servicescape has a positive and significant effect on consumer loyalty, while Halim's research (2019) states that servicescape has a positive but insignificant effect on consumer loyalty.
3. Research Rachmawati (2014) states that consumer satisfaction has a positive and significant effect on consumer loyalty, while research by Nugroho (2015) and Hasanah (2011) states that consumer satisfaction does not have a significant effect on consumer loyalty.

This study aims to determine and analyze the effect of servicescape on customer loyalty with customer satisfaction as an intervening variable.

RESEARCH METHODS

This research is a type of quantitative research with a causality research design. According to Anwar (2016), a causality research design is a research design that is structured to examine the possibility of cause and effect between variables. The design of causality research is considered in accordance with this research because causality research is used to understand which variables affect (independent variables) and which variables

are the result (dependent variables), as well as to determine the relationship between the independent variables and the dependent variable in this study.

The population in this study were all consumers of the Medan Killiney Coffee Shop who had visited at least 1 time in determining the sample of this study using the Wibisono theory because the population was unknown and the sample size was 96.04 and rounded to 97.

The data analysis method used in this research is SEM analysis method with

data processing using a partial least square (PLS) computer program.

RESULT AND DISCUSSION

Result

In this study, the effect of the servicescape variable on customer loyalty mediated by the customer satisfaction variable will be analyzed using PLS analysis. Based on the operational definition of each research variable, the PLS model specifications to be estimated in this study are as follows:

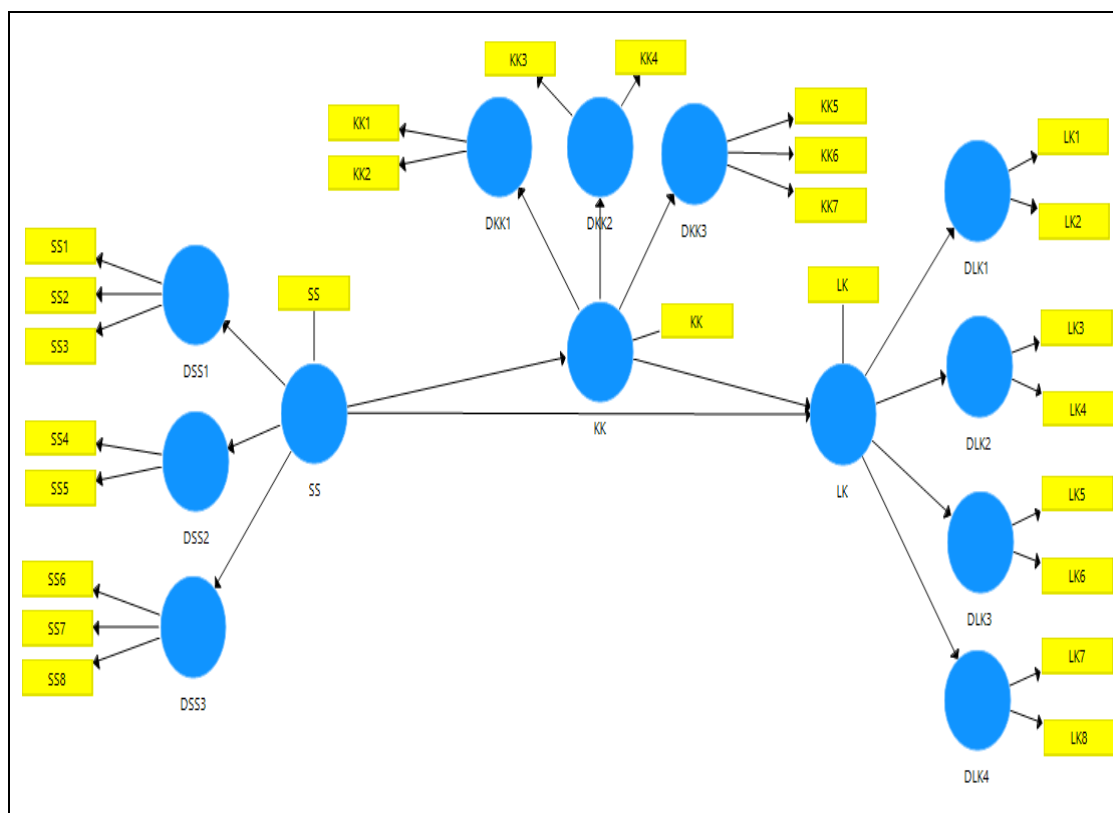


Figure 1: PLS Model Specifications

The significance of the parameters estimated provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the output result for inner weight (path

coefficients). In PLS, statistical testing of each hypothesized relationship was carried out using the bootstrap method of the sample. Table 1 provides the bootstrapping test results from the PLS analysis

Table 1: Research Hypothesis Testing

Information	Hypothesis	Path Coefficient	P-Value	Conclusion
H ₁	Servicescape has a positive and significant effect on customer loyalty	0.378	0.000	Received
H ₂	Servicescape has a positive and significant effect on customer satisfaction	0.562	0.000	Received
H ₃	Consumer satisfaction has a positive and significant effect on customer loyalty	0.346	0.001	Received
H ₄	Servicescape has a positive and significant effect on customer loyalty through customer satisfaction	0.195	0.004	Received

Source: Research Results, 2020 (Processed Data)

DISCUSSION

Servicescape Has a Positive and Significant Effect on Customer Loyalty at Killiney Coffee Shop Medan

The results showed that the servicescape variable had a positive and significant influence on the customer loyalty variable. This shows that if the servicescape is good, the customer loyalty also increases, and vice versa if the servicescape is bad, the customer loyalty will decrease. The results showed that the servicescape Killiney Coffee Shop is categorized as good. A customer, if he is satisfied with the value provided by a product or service, is very likely to be a customer for a long time.

The facilities that exist in one place, especially at the Killiney Coffee Shop outlet, are a supporting factor for the company to satisfy consumers and achieve consumer loyalty, the appearance and facilities at the Killiney Coffee Shop outlet can be categorized as good, such as attractive decorations, giving signs that make it easier for consumers to know more about the Killiney Coffee Shop outlets, the neat layout, making it a special attraction for consumers. This will have an impact on consumer satisfaction and make consumers come back to enjoy the facilities and displays that exist in addition to enjoying the products offered by the Killiney Coffee Shop outlets.

Servicescape Has a Positive and Significant Effect on Customer Satisfaction at Killiney Coffee Shop

The results showed that the servicescape variable had a positive and significant effect on the consumer satisfaction variable. This shows that if the servicescape is good, then customer satisfaction is also good, and vice versa if the servicescape is bad, then customer satisfaction will decrease. The results showed that the servicescape Killiney Coffee Shop was categorized as good, it can be seen from the results of questionnaires distributed and conducting interviews with Killiney Coffee Shop consumers, it was

found that the servicescape (physical environment) provided by management was categorized as good. It can be seen from the overall statement on the dimensions of the servicescape is categorized as good, such as good lighting, room temperature that makes consumers comfortable, and guaranteed cleanliness of the room.

Furthermore, servicescape Killiney Coffee Shop is categorized as good, seen from the existing equipment neatly arranged so that it is beautiful when viewed, then the decoration and layout of the room also looks neat and arranges the room well. oriented towards modernization and inspired by the State of Singapore which looks grand and luxurious.

In the field of sales that prioritizes a company and services must be able to make consumers satisfied with the products and services offered, so that consumers are loyal to a product offered by the company. One of the characteristics of the service is intangibility, which means intangible. can be seen, tasted, touched, heard, or smelled before the service is purchased. This means that the first impression that will be felt by consumers when it comes to buying services is physical evidence that exists in the environment where the service is delivered.

Consumers who have a high level of satisfaction will make a product and service offered a priority when enjoying these products or services, based on the existing explanation, it can be concluded that the better services capacity in a company will have a positive impact on the company, with a physical environment that is Supporting Killiney Coffee Shop outlets will make consumers feel satisfied not only from the products offered but also getting satisfaction from the existing physical environment. It can be concluded that the better the Servicescape eats the more satisfied a consumer.

Customer Satisfaction Has a Positive and Significant Effect on Customer Loyalty at Killiney Coffee Shop

The results showed that the customer satisfaction variable had a positive and significant influence on the customer loyalty variable. This shows that the higher the level of satisfaction of a customer, the consumer will have a high level of loyalty as well, and vice versa if the satisfaction level of a customer is bad, the consumer will not be loyal to a product or service. Consumer loyalty is influenced by several factors, namely: satisfaction, emotional bonding, trust, choice reduction and hobby (convenience) and history with the company (experience with the company).

These five factors form customer loyalty based on the perspective of attitudes and behavior, that customer loyalty is formed because it is based on the level of satisfaction and trust in a service and services provided by a company that produces a product. Customer loyalty is one of the important goals that a company strives for in modern marketing, this is because with the level of loyalty that consumers have, it is hoped that consumers will get long-term benefits from mutualism that has existed for a long time. Therefore, a company must pay attention and improve the level of satisfaction of a customer both from the products offered and from supporting facilities as well as from good service.

Servicescape Has a Positive and Significant Effect on Customer Loyalty through Customer Satisfaction at Killiney Coffee Shop

The results show that Servicescape has a positive and significant effect on customer loyalty through customer satisfaction. This shows that the better the servicescape that is carried out by a Killiney Coffee Shop will have an effect on increasing the satisfaction of a consumer, this will have a direct impact on consumer loyalty to Killiney Coffee Shop, and vice versa if the servicescape is given badly will have an impact on decreased consumer satisfaction and will reduce level of consumer loyalty. Consumers will easily

turn to other similar products but get better service and facilities than Killiney Coffee Shop.

The satisfaction of a consumer is the key for Killiney Coffee Shop outlets to see whether these outlets can survive and ensure the continuity of the business they are doing. With this satisfaction, a consumer will give loyalty to Killiney Coffee Shop and remain with the products and services from Killiney Coffee Shop itself. Loyalty of a consumer is the goal of every business actor so that their business can continue to operate and continue their business, therefore as a Killiney Coffee Shop business actor must consider several aspects so that their loyal consumers do not turn to similar cafes that have various ways to gain the sympathy of consumers and become their regular customers.

CONCLUSION AND SUGGESTION

Conclusion

The results showed that servicescape had a positive and significant effect on consumer loyalty. Servicescape had a positive and significant effect on customer satisfaction. Consumer satisfaction had a positive and significant effect on consumer loyalty. Servicescape had a positive and significant effect on consumer loyalty through customer satisfaction

Suggestion

Based on the results of the discussion and observation during the study, the authors put forward some suggestions as input and evaluation material for the Killiney Coffee Shop and for further researchers who want to develop similar research.

1. For Killiney Coffee Shop Medan

- a. Killiney Coffee Shop Medan must improve Servicescape at each outlet they have by paying attention to the existing physical environment such as rooms and location, this is because not all Killiney Coffee Shop outlets have strategic rooms and locations, such as USU Hospital outlets which has a room that is less supportive of implementing the

modernization concept oriented to the State of Singapore. Considering outlets whose sales data have decreased due to the supporting environment is no longer operating such as the Hermes Mall outlet, where these outlets are outlets with a very significant drop in sales, this is due to outlets is located in Hermes Mall, which is currently very rarely visited by the public. Next, Killiney Coffee shop Medan is considering opening more strategic outlets such as office areas and also elite settlements.

- b. Killiney Coffee Shop party must maintain and even increase the level of satisfaction of consumers, the results of field research show that the consumer satisfaction variable is categorized as good, this is inseparable from the quality of service and also the products offered Killiney's management must be consistent in providing satisfaction to its customers so that their customers are not attracted to other similar cafes. The management must consider input from consumers such as parking areas which become obstacles at several outlets so that consumers find it difficult to park their vehicles. And also provide additional rooms for worship such as mushalla.
- c. Killiney Coffee Shop already has its own market share seen from the high level of consumer loyalty, it can be seen from the respondent's data based on the number of visits that the highest respondents are consumers who have visited more than 5 visits which has a percentage of 37.11%, this shows that These consumers are loyal to Killiney Coffee Shop, but from the statement on this consumer loyalty variable there are 2 statements that are categorized as less high, such as the first statement when I want to buy coffee, I will always buy at Killiney Coffee Shop, this is a warning to management to continuously improve its quality so that the potential for consumers to choose another place does not happen. and the second statement is

that I will not be tempted by the promotion and persuasion of other coffee shops, from this statement it can be concluded that Killiney Coffee Shop must consider this, where currently Killiney Coffee Shop has a price that is categorized as expensive compared to other similar cafes. may result in turning consumers to similar cafes in Medan City.

2. For further researchers

For further research development, it is suggested that further researchers can add other variables to see the level of consumer loyalty, such as physical and non-physical environments, education, gender, brand image, service quality and so on. In addition, further researchers can expand the object of research, such as to private companies with other types of fields.

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