The Influence of Product Quality, Service Quality and Trust on Customer Satisfaction and Its Impact on Customer Loyalty (Case Study PT ABC Tbk)

Erry Rimawan, Ali Mustofa, Angga Dwi Mulyanto

Abstract — The potential of flexible packaging product consumption in Indonesia is still quite large. The majority of packaging used by the industry in Indonesia is flexible plastic packaging, which is 42% of the total raw materials used by industrial packaging. The company generally wants that the customers who have been created can be maintained forever. However, it is not easy, considering that some changes can occur at any time, both in consumer and social psychological aspects and in consumer culture. This study aims to investigate, analyze, and know in detail the influence of high quality products, service and trust to customer satisfaction and its impact on customer loyalty in PT ABC Tbk flexible packaging division. The primary data in this study was obtained or collected through questionnaires derived from direct respondents involved as consumer consumer products totaling 39 subscriber companies scattered throughout Indonesia. Hypothesis testing in this study uses partial least square analysis (PLS) with the help of software smartpls 3. The results show that Product Quality, Quality of Service and Trust does not affect on Customer Satisfaction or Customer Loyalty, while Customer Satisfaction Affect Customer Loyalty. Looking at the results of this study, it is worth noting further for other factors other than quality products, service and trust that emphasize customer satisfaction and loyalty customers, such as competitors and competitors competitiveness in price terms may be considered.

Index Terms — product quality, service quality, trust, customer satisfaction, customer loyalty, partial least square, smartpls

1 INTRODUCTION

The potential of flexible packaging product consumption in Indonesia is still quite large. The Ministry of Industry estimates that, in 2017 the food and beverage industry is still a major driver of manufacturing industry growth. The majority of packaging used by the industry in Indonesia is flexible plastic packaging, with 42% of total raw materials consumed by industrial packaging, followed by cardboard packaging by 28%, and plastic packing or solid 14%. Furthermore, about 30% of packaged users are non-food companies. The rest, 10% is used by pharmaceutical companies, such as Kalbe Farma, Merck, Bayer, Pfizer, and others. Indonesia's Packaging Federation (IPF) is processing the sale of the national flexible packaging industry to Rp 70 trillion at the end of 2016.

Flexible packaging business is a creative business, where the company is required to be always creative and innovative, and always sensitive to customer's wishes. In order to produce the products more efficient and competitive.

The company generally wants what is produced can be marketed smoothly and profitably. Starting from that the company will want, so that the customer who has been spotted can be maintained forever. However, it is not easy, considering some changes can occur at any time, whether consumer changes, such as appetite or some social psychological and consumer culture aspects. Therefore, many companies are working to develop effective strategies for building, maintaining and improving customer loyalty, one of which is a manufacturing company engaged in flexible packaging (plastic-based packaging).

In the era of rigorous competition on various segment products, where customers are faced with many options, only packaged packaging companies can really make a difference. The flexible packaging division of PT ABC, Tbk has evaluated the basic requirements for protecting and maintaining product quality from the beginning of manufacture to final consumption.

Based on Figure 1, the sales value that has been achieved by wrappers at PT ABC, Tbk in 2016 of 2,739 billion from the total sales value of flexible packaging companies in Indonesia, this indicates that the packaging division of PT ABC, Tbk is one of the flexible packaging companies with The largest selling point in which there are currently 109 other companies in Indonesia [1].

During the period of January to October 2016, the industry supplier of PT ABC Tbk, in particular, achieves the percentage of returns per product at any one time always above the target (0.00%), as illustrated in Figure 2. If this happens in the run Long-term, isolation customers are the most likely indications,
that customers or consumers will see a declining trend from a venture. Product returns are the benchmarks of quality products produced by the company. Additionally, the target returns per product that is not achievable, the exact delivery problem to the customer also does not reach the target (100%), either in quantity or time specified, as depicted in Figure 3. The timeliness of delivery to the customer is a quality service benchmark.

Figure 2. Returns per product of the flexible packaging division of PT ABC Tbk during Jan-Oct 2016

Figure 3. Delivery accuracy of the PT ABC Tbk flexible packaging division during Jan-Oct 2016

Many companies rely on consumer satisfaction as a guarantee of success later on but then disappointed to find that satisfied consumers can buy competitor products without hesitation [2]. The value of sales to customers is a customer who gains trust on the products they have purchased.

Figure 4. Product sales value of PT ABC Tbk flexible packaging division during Jan-Oct 2016

As one of the flexible packaging industries, the PT Division of PT ABC Tbk can not be separated from tighter business competition. Figure 5 illustrates the achievement of customer satisfaction. The packaging division of PT ABC Tbk during 2011 to 2016 is always below the target (85%).

Figure 5. Customer satisfaction assessment. The flexible packaging division of PT ABC Tbk during 2011 – 2016.

Based on the problems described above, there seems to be a focus problem that needs to be studied further. For that reason, the author formulated the research issue to be discussed. Problem formulation is a research question as a guide for researchers to determine the theory to be used for hypothesis formulation, instrumentation and statistical techniques for data analysis. Therefore, the problem of this research is how much the Influence of Product Quality, Quality of Service, and Trust on Customer Satisfaction and its impact on Customer Loyalty.

2 REVIEW OF LITERATURE

2.1 Product Quality

The quality of the present is no longer a competitive weapon but the core principle expected by customers from all organizations [3]. Quality is defined as the case for use, or the extent to which a product successfully serves the purpose of the consumer [4]. Quality advantages are very important in maintaining customer trust in corporate market leadership. However, the company’s goal should not only reach the leadership market, but to maintain its leadership [5] [6]. Brucks, Zeithaml, and Naylor [7] say that in order to build a quality durable goods perceived by consumers, perceived products play an important role affecting the purchase of choice. Parasuraman, Zeithaml, and Berry [8] also noted that quality products are essential to affecting customer satisfaction.

Tjiptono [9] suggests that product quality has 8 dimensions of measurement consisting of the following aspects:

a. Performance

This performance refers to a core product that includes brands, measurable attributes, and aspects of individual performance. The performance of some products is usually based on subjective customer preferences which are basically general (universal).

b. Product Diversity (Features)

Can be an additional product of a product core that can add value to the product. The characteristics of a product are usually measured by the equivalent of individuals (in this case the user) that indicates the different product quality. Therefore, the development of quality products requires flexibility in order to adapt to market demand.

c. Reliability

This dimension relates to the emergence of a potential product experiencing a non-functioning situation at a time. Product reliability indicating quality level is very meaningful for consumers in choosing products. This is becoming increasingly important given the amount of reimbursement and maintenance to be incurred if a product that is considered untrustible is damaged.

d. Conformance

Other dimensions related to the quality of goods are the suitability of the products with their industry standards. The conformity of a product in the service industry is measured from the level of accuracy and completion of time including calculation of errors, unanticipated delays and some other errors.
Customers or customers [12] [13]. In some of the earlier studies, the quality of services to be received and the perceptions of the services difference between the expectations of customers about the services received where the product's service capability results in a conclusion on the quality of products assessed subjective by consumers.

2.2 Quality of Service

Traditionally, the quality of service has been regarded as a difference between the expectations of customers about the services to be received and the perceptions of the services received [10] [11]. In some of the earlier studies, the quality of services has been termed as far as meeting the needs of customers or customers [12] [13].

Parasuraman et al. [11] also identifies five quality services (reliability, responsiveness, assurance, empathy, and tangibles) that connect certain features to the customer's expectations:

a. **Reliability**, which is the ability to provide services that suit the promise offered.

b. **Responsiveness**, which are the responsibilities or responsibilities of employees in assisting customers and providing prompt and responsive services, which include: employee's eagerness to serve customers, employee speed in dealing with transactions, and handling customer complaints.

c. **Assurance**, covering employee skills on appropriately product-oriented, quality hospitality, attentiveness and courtesy in providing services, skills in providing information, skills in providing security in utilizing the offered services, and the ability to instill trust. Customers are facing the company. This assurance or assurance dimension is a combination of dimensions:

1. **Competence**, meaning the skills and knowledge that the employees have to perform the service.

2. **Courtesy**, which includes the hospitality, attentiveness and attitudes of the employees kredibilitas.

3. **Credibility**, includes things that are in line with the trust of the company, such as reputation, achievement and so forth.

4. **Empathy**, which is the individual attention the company provides to customers such as the ease of contacting the company, the ability of employees to communicate with customers, and business enterprises to understand the needs and needs of its customers. This empathy dimension is a merger of three dimensions, as follows:

5. **Access**, including the ease to which the services offered by the company.

6. **Communication**, is the ability to communicate to convey information to the customer or how to obtain the sport from the customer.

7. **Understanding the customer**, covering the enterprise's efforts to know and understand the needs and desires of the customer.

d. **Tangibles**, covering the appearance of physical facilities such as office and office front rooms, parking space, cleanliness, room comfort and comfort, communication equipment, and employee performance.

2.3 Trust

Noorizan and Abdullah [14] look at the beliefs as the customer commitment relationship. They found that trust had a positive and significant influence on commitment relationships. These findings show that customers maintain long-term contracts with their service providers, the trust will potentially be the driving force of customer commitment or strong loyalty. In business, belief is seen as one of the most stable and stable cooperative relationships. Morgan and Hunt [15] state that beliefs exist only when one party has confidence in the exchange of partnerships and internationally.

According to Mayer et al. [16] Factors that make up one's trust in other products are three namely ability (ability), kindness (benevolence), and integrity (integrity). The three factors can be explained, as follows:

a. **Ability**

The ability to aggravate the competence and character of the seller/organization in influencing and authorizing specific areas. In this case, how the seller is able to provide, serve, to secure transactions from other party's interference. That is to say, consumers have a guarantee of satisfaction and security from the seller in the transaction. Kim et al. [17] states that abilities covers competence, experience, in-situational validity, and the ability of science.

b. **Benevolence**

Benevolence is the ability of the seller to provide mutual satisfaction between himself and the consumer. The profit gained by the seller can be maximized, but the consumer is also high. Sellers are not solely pursuing
maximum profit alone, but also have great attention in achieving consumer satisfaction. According to Kim et al. [17] benevolence includes attention, empathy, conviction, and acceptance.

c. Integrity

Integrity relates to how the behavior or sales habits of doing business. The information provided to the user is either factual or not. The quality of the product sold is reliable or not. Kim et al [17] suggests that integrity can be seen from the perspective of fairness, fulfillment, loyalty, honesty, relevance, and reliability.

2.4 Customer Satisfaction

Customer satisfaction depends on the performance product on the perceived expectations of the buyer. If the given product is not the same as the customers expect then consumers will feel dissatisfied. In other words, consumer satisfaction will be obtained if the product is given in accordance with the expectations of consumers. Customers are influenced by expectations, service perceptions and quality perceptions. The impact is influenced by total satisfaction when the customer evaluates the product or service. [18]. Satisfaction is an emotional response when the customer evaluates the difference in the spectra of a service with the perception of the outcome achieved. The perceptions of these achievements are achieved through in-product or service [19].

In order to measure the level of customer satisfaction, we need some dimensions to measure the satisfaction. According to Kotler and Keller [20] customer satisfaction dimensions are as follows:

a. The conformity of expectations, is the conformity of customer expectations to the quality of the products / services that the company produces. Examples: suitability.

b. Customer expectations regarding given speed services, system information used, security transactions and employee awareness of the customers encountered.

c. Performance perception, is the perception created by the customer toward the services received from the company such as satisfaction of product features, existing facilities in the company, the benefits received, the information provided and the goods and services provided.

d. Assessing customers, is an assessment of the superiority of a company's products / services compared to similar products / services of a company or a competitor. This includes the hospitality provided, the ease of transacting, the services rendered, the products offered and the promotions made by the company.

e. Customer experience, is a customer's sense of taste after using or experiencing product / service produced by the company. For example, the satisfaction of transacting, the services rendered and the staffed communication.

f. Total satisfaction, is the feeling of pleasure or disappointment that arises after comparing product results (results) that are thought to the expected (expected) performance overall. If the performance becomes below expectations, then customers will be disappointed (dissatisfied) and otherwise if performance meets expectations or even exceeds it then the customer becomes satisfied.

2.5 Customer Loyalty

Gremler and Brown [21] state the definition of loyalty customers is the extent to which the customer repeats the behavioral purchase of the service provider, has a positive disposition attitude toward the provider, and considers the use of this provider when needed. According to Bloemer and Kasper [22], loyalty is defined as true loyalty over repeat purchase behavior, which actually buys back the brand, regardless of commitment. Zeithaml et al. [23] states loyalty is building multi-dimensional and incorporating positive and negative responses.

Lucas [24] also reveals, loyalty can be built through a trust-based relationship. In June 2001, a poll by Harris Interactive, five dimensions of trust identified were helped to explain why customers believe in one organization. The dimensions are:

a. Personal experience

It is a positive word about the product that has been consumed. Attitudes in the form of feedback to others in the form of words positively about a service provider, usually a review, story or explanation in accordance with personal experience.

b. Organizational knowledge

Consumer knows the existence of PT. ABC Tbk - provides product packaging, so from that knowledge consumers are committed to always buy the product in the packaging division of PT. ABC Tbk.

c. Continue purchasing

Is a continuous purchase of products that have been consumed. The attitude of buying back constantly by the user is mentioned on a particular service provider, so that it can provide a rationale that can be based on unity.

d. Reference

It recommends products that have been dumped to friends. A process that entails inviting others to participate in the service provider as a result of the perceived positive experience.

e. Glitz-Merk

Brand preferences and brand commitments are rejection fidelity with thetudinal approach (af-tudinal approach). On customer commitment to the preference of a brand is part of the consumer's loyalty to the brand. The study of brand commitment from product consumers, it is argued that the commitment comes from the involvement of the buyer which is the result of an ergel involvement with the product brand category.

From the theories described above and in the previous study, the author presents a framework of research, as in Figure 6.
3 RESEARCH METHOD

3.1 Type and Design Data

According to Sugiyono [25], the research method can be interpreted as a scientific way of obtaining valid data with the purpose of being found, developed and proven, a certain knowledge so that its gist can be used to understand, solve and anticipate the problem.

This study is designed using a quantitative process, which is a study aimed at testing hypotheses through theory validation or testing of theory applications in certain probities, this type of research uses apriori hypothesis (based on theory, not factual) as a person to choose, collect, and analyze Data.

The method of this study was designed using descriptive-explorative research method. Descriptive research is aimed at providing a complete picture of social set-up and the relationships in the research. While explorative investigations aim to open the possibility of further research on the topics being discussed.

3.2 Data and Information

The quantitative data in this study were obtained or collected through questionnaires. The questionnaire was the method of data collection by dividing the list of the questions to the respondents and the respondents gave their answers. Respondents in this study are customers of product packaging division of PT ABC Tbk, representing each element of attitude and behavior that role in describing customer satisfaction and loyalty to what offered by company that is Quality Product, Service and Trust.

The information obtained in this study is presented with the focus and purpose of the study. In accordance with the focus of the research, the information collected is the primary and secondary data of the data.

3.3 Data Collection of Techniques

In this study, the author uses a closed questionnaire questionnaire which is the question / answer that the choice of the answer is already available, which is narrowed or given a pattern or arrangement first. Another thing works to clarify what dimensions are looking for in the research, so it will push the subject / repondent to decide on the answer choices in one direction. Other benefits are faster and more easily analyzed.

3.4 Population and Sample

The population of this research is the customer of the flexible packaging division of PT ABC Tbk which amounted to 39 customers in all over Indonesia.

The sample in this study is the Head of Purchasing Department (Purchasing Head of Department) representing the customer of PT ABC Tbk flexible packaging division.

3.5 Data Analysis Techniques

The hypothesis testing in this study uses the SmartPLS version 3 software. PLS is an alternative analysis with Structure Equation Structure (SEM) based on variance. The advantage of this method is that it does not require assumptions and can be estimated with a relatively small sample size.

4 RESULTS AND DISCUSSION

PLS analysis using smartPLS3 can be seen in Table 1.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coefisien</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality (X1) -&gt; Customer Satisfaction (Y1)</td>
<td>0.116</td>
<td>0.313</td>
</tr>
<tr>
<td>Product Quality (X1) -&gt; Customer Loyalty (Y2)</td>
<td>0.146</td>
<td>0.407</td>
</tr>
<tr>
<td>Service Quality (X2) -&gt; Customer Satisfaction (Y1)</td>
<td>0.089</td>
<td>0.734</td>
</tr>
<tr>
<td>Service Quality (X2) -&gt; Customer Loyalty (Y2)</td>
<td>0.001</td>
<td>0.996</td>
</tr>
<tr>
<td>Trust (X3) -&gt; Customer Satisfaction (Y1)</td>
<td>-0.275</td>
<td>0.232</td>
</tr>
<tr>
<td>Trust (X3) -&gt; Customer Loyalty (Y2)</td>
<td>-0.122</td>
<td>0.522</td>
</tr>
<tr>
<td>Customer Satisfaction (Y1) -&gt; Customer Loyalty (Y2)</td>
<td>0.343</td>
<td>0.032</td>
</tr>
</tbody>
</table>

Based on the result of the study using PLS analysis, the result of Product Quality, Quality of Service and Trust, Not Affecting Customer Satisfaction and Customer Loyalty, while Customer Satisfaction Affect Customer Loyalty.

4.1 Product Quality, Quality Of Service And Trust Does Not Affect Customer Satisfaction Or Customer Loyalty

Based on the results of Table 4.1 it can be seen that product quality, quality service, and trust have no effect on customer satisfaction and customer loyalty. This is not in line with Cronin et al [26] research that obtains that quality affects the value perceptions and customer satisfaction, and also directly impacts consumer behavior. In this study the quality products also do not affect the loyalty customers. This is incompatible with Kumar et al [27] research, poor operating performance on quality aspects that have a negative and direct impact on customer loyalty, and Jahanshahi et al [28] research, customer
loyalty is largely in the category of customers who have used the Product - High quality products.

If analyzed through the sense of quality products according to Kotler and Armstrong [29] which states that quality products are the capabilities of the product in displaying its functions, it includes product usefulness, reliability, ease of use and repair, and other values , PT ABC's flexible Packaging Division customers are less concerned about PT ABC's flexible packing capabilities so quality products do not affect customer satisfaction and loyalty. During this research, researchers also sought to obtain secondary information by conducting interviews with respondents who in this case are the Marketing section of PT ABC's flexible packaging division.

In general, users face difficulty in assessing and understanding product quality in a rational and in the real sense. Consumers also consider several other factors, such as price, product diversity and so forth before making a decision to purchase the products offered. If there is a competitor with lower price whilst having the same product with PT ABC's flexible packing division it could be a price factor that affects consumer satisfaction and loyalty, while quality products are not considered again. But to conclude like this need to do further research in the future.

In this study, quality service has no effect on customer satisfaction. This is not in line with the study of Dahiyat et al. [30] which states that positive service positively affects customer satisfaction. But the results of this study are in line with Wu [31] research, stating that the service pans do not affect customer satisfaction. In this study, quality service also has no effect on customer loyalty. This is not in line with the study of Ti Bei and Chiao [32] stating that quality services are important from consumer loyalty. But the results of this study are in line with the Sachro and Pudjiastuti research [33] which states that service quality does not affect customer loyalty. If analyzed through the definition of quality services according to Parasuraman et al. [11] which states that service quality is the characteristic and characteristic of a product or service in terms of the ability to meet a variety of needs, the PT ABC's flexible packing division looks less concerned with the service capabilities of the PT ABC flexible packaging so that the quality of the service Provided no influence on the customer and customer loyalty. This is likely to be due to the packaging division of PT. ABC Tbk has managed to make customers satisfied and smart, through training inhouse activities, and helping customers develop ideas to make products more efficient and competitive. This suggests that customers will have different and effective experiences than buying elsewhere. In some previous studies, quality services have been referred to as the extent to which the service meets the needs or expectations of customers [12] [34].

In this research, trust did not influence customer satisfaction and also did not influence customer loyalty. This does not conform to Akbar and Parvez's research [35] that belief affects customer satisfaction and customer loyalty.

If analyzed through the understanding of beliefs by Norizan and Abdullah [36], trust as a customer relationship commitment. Trust has a positive influence on the relationship of commitment. These findings show that customers take into account long-term contractual relationships with their service providers, the credentials will potentially be the driving force of customer commitment or strong loyalty. In this study, customers of PT ABC's flexible packing division seem to be less concerned with the ability of the trust provided by PT ABC's flexible division of the Division that the trust has no effect on customer satisfaction and loyalty. This is likely to be due to the customer's PT ABC flexible packaging division believes the flexible packaging division of PT ABC Tbk as a well established and reputable branded consumer product developer, innovating, focusing on customer needs, offering top-notch competitive brands, Providing products - a quality product that is a preferred customer, contributes to community well-being and leverage sustainably and improves stakeholder value continuously.

4.2 Customer Satisfaction Affects Loyalty Customers

In this study, customer satisfaction turns out to be affecting customer loyalty. This is in line with several studies namely Akbar and Parvez [35] and Vuuren et al. [37]. Narayandas [38]; Zeithaml et al. [23] and Oliver [39] conclude that satisfaction is an important step in forming loyalty. Norizan and Abdullah [36] concluded that customer satisfaction and customer trust play an important role in building loyalty customers. Akbar and Parvez [35] conclude that quality services, customer satisfaction and customer trust are of great significance with loyalty customers.

To increase loyalty customers, satisfaction is one of the factors to consider. If customers are satisfied then their loyalty will increase. That is to make the customer loyal, should make the customer satisfied first.

4.3 Industrial Implications

Flexible packaging business is a creative business, where the company is required to be always creative and innovative, and always sensitive to customer's wishes. In order to produce the products more efficient and competitive.

In the increasingly rigorous global competition with the influx of certain products on the other hand, leading to the task of managing customer satisfaction is the lack of managerial challenges, customer departure is one of the most noticeable sizes in the business. Business or business owners are required to compete well. Healthy competition can be done by improving the quality of the product or service quality provided by the service provider. Improved product and service quality will lead to an influential customer satisfaction that positively affects the image service provider. Customers who are satisfied with the products and services they receive will position the company as the mainstream in fulfilling their needs and wants at a later time.

As the company competes in the flexible packaging man- manufacturing industry, the flexible packaging division of PT ABC Tbk is required to continuously improve the customer's satisfaction and customer loyalty. This is done in order for the flexible packaging division of PT ABC Tbk as a major player in the flexible packaging manufacturing industry to survive in today's macroeconomic conditions where competitors continue to increase their value through the perfection of print
quality, consistently and reliably, increasing the basic functionality of product protection with the latest gravure printing technology to bring a more ‘live’ design look.

5 Conclusion

Product quality, service and trust are not the ones that affect loyalty and loyal customers in Flexible Packaging Companies. There are likely to be factors other than products, services and beliefs that affect customer satisfaction and loyalty customers. But customer satisfaction affects loyalty customers so that Flexible Flexible customers are more loyal than customer satisfaction is one of the important factors to consider. In order to enhance customer satisfaction and loyalty (other than satisfaction factors) it is necessary to consider other variables beyond the product, service and trust.

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