

**THE INFLUENCE OF SERVICE QUALITY AND CUSTOMER RELATION ON
CUSTOMER LOYALTY MEDIATED BY CUSTOMER VALUE AND CUSTOMER
SATISFACTION ON PT. ISKANDARIA TOUR & TRAVEL**

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ABSTRACT

This study aims to examine the effect of service quality (servqual) and customer relation on customer loyalty mediated by customer value and customer satisfaction at PT. Iskandaria Tours & Travel (Iskandaria). The population was all of Iskandaria's customers with the exact number unknown. In the survey, questionnaire distributed there were 42 question items, so the minimum sample was $42 \times 5 = 210$ samples. The data were tested with SEM-AMOS. The result proves that servqual, customer relation, customer value, customer satisfaction, and loyalty in Iskandaria can be said to be good, servqual affects customer value, customer relation does not affect customer value, servqual affects customer satisfaction, customer relation does not affect customer satisfaction, servqual affects loyalty, customer relation does not affect loyalty, customer value affects loyalty, customer satisfaction affects loyalty, customer value mediates partially servqual to loyalty, customer satisfaction mediates partially servqual to loyalty, customer value mediates fully customer relation to loyalty, and customer satisfaction fully mediates customer relation to loyalty. This finding explains that the increased loyalty model in Iskandaria is a function of increasing servqual, strengthening customer relation, and increasing customer value and customer satisfaction as mediators.

Keyword: Service Quality, Customer Relations, Customer Value, Customer Satisfaction, Customer Loyalty.

1. INTRODUCTION

PT. Iskandaria Tours & Travel Banda Aceh (Iskandaria) is a company that serves the Indonesian people who want to perform Umrah. The level of business competition in the field of tours & travel today is very competitive. Therefore, all business operators in this field need to be able to highlight the advantages of their company so that they can attract more customers. The same thing also applies to PT. ISkandaria Torus & Travel. The impact of covid has made business actors in the field of tours & travel suspended animation where almost all business actors in this field closed and even went out of business.

In February 2022, when the covid pandemic entered the new normal period, Iskandaria began to open services actively but the number of customers was not as expected. Under these conditions, one of the most expected expectations by the company is the loyalty of customers to rejoin the company's customers and even help promote the existence of Iskandaria to all levels of society. The most important thing that must be done by PT Iskandaria Torus & Traver in increasing customer loyalty is to increase the positive rating points from customers. Customer value will have

an impact on customer loyalty, and various considerations in customer value such as service factors, satisfaction, and quality factors.

Customer satisfaction is inseparable from service quality (service quality/servqual). This means that if the performance is below expectations, the customer will be dissatisfied. Customer loyalty, the positive value from customers, and customer satisfaction are inseparable from the service factors provided by the company. Customer relation is also one of the most important factors in increasing customer loyalty to Iskandaria. Customer relations can provide satisfaction to customers.

2.LITERATURE

Customer loyalty

According to (Griffin, 2005) retaining customers means improving financial performance and maintaining the viability of the company, this is the main reason for a company to attract and retain them. Customer loyalty is an attitude possessed by a customer in the form of loyalty to the company by being willing to make repeated purchases (Rezvani, Gilaninia, & Mousavian, 2011). According to (Swastha, 2009) the definition of customer loyalty is customer loyalty to continue to use the same product from a company. Loyalty describes the expected behavior concerning a product or service. Customer loyalty will be high if a product is considered capable of providing the highest satisfaction so that customers are reluctant to switch to other brands. In this study, customer loyalty will often be referred to simply as "loyalty".

Customer Value

Customer value is defined as the difference in the benefits obtained by the customer compared to the costs incurred (Kotler & Keller, 2018). Customer value is the customer's perception of what they want to happen, namely the consequences of the product/service offered to meet their needs, in a specific situation (Usmara, 2003). A customer is usually more satisfied when the customer value is higher i.e. when the benefits outweigh the costs by a large margin. On the other hand, a customer who sees the costs outweigh the benefits is less likely to become a customer (Perdana & Prayitno, 2014) ; (Zeithaml, Bitner, & Gremler, 2017).

Customer satisfaction

(Hasan, 2010) revealed that customer satisfaction is a buyer's cognitive situation concerning the equivalence or disproportion between the results obtained and the sacrifices made. Expectations are internal standards that customers use to assess the quality of a service experience (Tjiptono, 2017). A company can differentiate itself from competitors by providing high-quality services. Service quality is one of the most attractive to researchers in the retail sector (Kuswanto, 2009). (Kotler & Keller, 2018) defines customer satisfaction as the level of one's feelings as a result of a comparison between reality and expectations received by a product and service. (Wirtz, Chew, & Lovelock, 2012) states that customer satisfaction is a customer's evaluation of a product or service.

Service quality

The word quality has many different and varied definitions, from conventional to strategic. The conventional definition of quality usually describes the direct characteristics of a product, such

as: performance, reliability (state of the art), ease of use, and esthetics. Whereas in the strategic definition it is stated that quality is something that can meet the desires or needs of customers. (Kotler & Keller, 2018) argues that service is an action or performance that can be given to others. Services can be classified into 2, namely: 1) High Contact Service and 2) Low contact service. In this study, service quality will often be referred to as “Servqual” only.

Customer Relation

(Taleghani, Chirani, & Mirrashed, 2022) argues that customer relation is a business strategy with technological advancements that is strengthened through its organizations, creating connections to help organizations optimize the value received based on processing customer perceptions. Another opinion expressed by (Kotler & Keller, 2018) customer relation is the process of managing detailed information about each customer and carefully managing all customer touch points to maximize customer loyalty. Thru the relationship marketing strategy, it seeks to extend the life span of customers as individuals who transact and can maintain customer loyalty (Rezvani et al., 2011).

Research Model and Hypothesis

The authors formulate the study framework and hypotheses as follows.

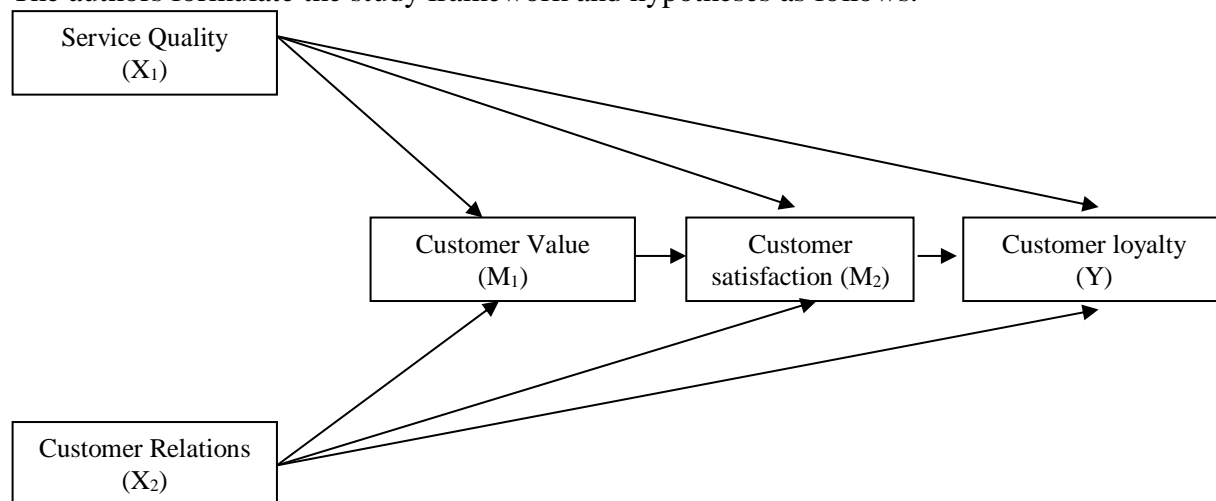


Figure 1. Framework

H1 : Servqual, customer relation, customer value, and customer loyalty of Iskandaria are good

H2 : servqual affects the customer value.

H3 : customer relation affects customer value.

H4 : servqual affects customer satisfaction.

H5: customer relation affects customer satisfaction.

H6 : servqual affects loyalty.

H7: customer relation affects loyalty.

H8: customer value affects customer satisfaction.

H9: customer satisfaction affects loyalty.

H10: servqual affects loyalty through customer value.

H11: servqual affects loyalty through customer satisfaction.

H12: customer relation affects loyalty through customer value.

H13: Customer relation affects loyalty through customer satisfaction.

3.METHOD

This research took place in the company PT. Iskandaria Tours & Travel (Iskandaria) located in Banda Aceh City, Indonesia. The population was all of Iskandaria's customers with the exact number unknown. According to (Hair, Hult, Ringle, & Sarstedt, 2016) preferably the sample size should be 100 or greater. The minimum sample size has a ratio of 5:1. In this study there were 42 question items, so the minimum sample was $42 \times 5 = 210$ samples. Data were collected through a questionnaire. Data was measured using a Likert scale and tested using Structural Equation Modeling (SEM) through AMOS software. The indicators are shown in the table below.

Table 1. Research Constructs

No	Variable	Dimension	Indicator
1	Servqual (X1)	Tangibles	1. Cleanliness and tidiness of the room. 2. How to dress employees. 3. Interior service room. 4. Vehicle parking area. 5. Facilities and infrastructure to support other services.
		Reliability	1. Timeliness of service. 2. Adequate service time. 3. Speed of providing service. 4. Friendliness and helpfulness of employees 5. Clear service process
		Responsiveness	1. The responsive nature of employees understands problems that arise. 2. Employee response to public complaints. 3. Willingness of employees to solve problems. 4. Ease of contacting employees 5. Responsive action of employees when needed.
		Assurance	1. Employee knowledge. 2. Employee skills. 3. Courtesy of employees. 4. Friendliness of employees. 5. Effective communication
		Empathy	1. Individual service. 2. Clear and understandable information. 3. Responses to complaints submitted by the community. 4. Attention to community needs. 5. Service regardless of status.
2	Customer	Performance	1. Speed

No	Variable	Dimension	Indicator
	Relation (X2)		2. Convenience 3. Convenience in users
		Durability	1. Quality 2. Reliable
		Feature	1. Diversity of features 2. Features as expected 3. Features have advantages
		Aesthetics	1. Physical form 2. Artistic models or designs
		Quality impression	1. Price aspect 2. Company reputation
3	Customer Value (M1)		1. convenient over company service 2. happy to transact with the company 3. Proud to use the company's services 4. safe with facilities 5. satisfied with the service
4	Customer satisfaction (M2)		1. Quality as promised. 2. Services That Give Satisfaction 3. Conformity of Expectations 4. Interests are back 5. Willingness to Recommend
5	Customer loyalty (Y)		1. repurchase regularly 2. buy outside the product or service line 3. Recommend products 4. immune from the attractiveness of similar products from competitors 5. Resistant to negative influences on the product

4.RESULT

Descriptive Hypothesis (H1)

The results of descriptive hypothesis testing are shown below.

Table 2. Recap of Respondents' Perception Results

No	Variable	Average	Cut Off
1	Loyalty	3.80	3.41
2	Customer Value	3.58	
3	Customer Satisfaction	3.58	
4	Servqual	3.80	
5	Customer Relation	3.73	

From the results of respondents' perceptions of each variable as shown in Table 2 above, it is known that the entire average value > the cut-off value is 3.41. These results indicate that the

variables of loyalty, customer value, customer satisfaction, servqual, and customer relation have been running well in Iskandaria. These results also indicate that the descriptive hypothesis (H1) is accepted.

Direct Effect Hypothesis (H2, H3, H4, H5, H6, H7, H8, and H9)

The results of hypothesis testing using AMOS SEM equipment are as shown below:

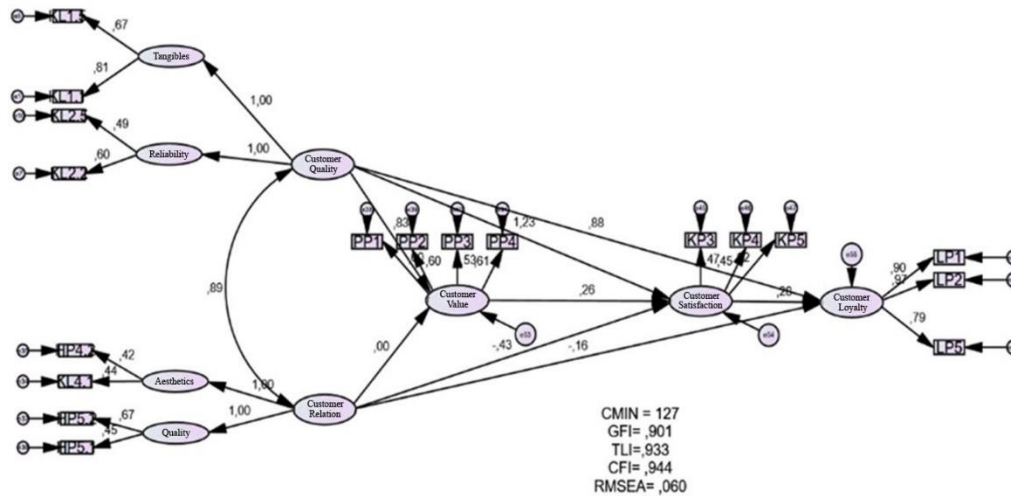


Figure 2. Structural Test

From the results of the full SEM model test, the results are as presented below:

Table 3. Regression

			Estimate	S.E.	C.R.	P
Customer Value	<---	Servqual	.831	.276	2.737	.006
Customer Value	<---	Customer Relation	-.003	.555	-.010	.992
Customer satisfaction	<---	Servqual	1.232	.435	2.680	.007
Customer satisfaction	<---	Relations	-.429	.778	-.988	.323
Customer satisfaction	<---	Customer Value	.255	.245	1.084	.278

The table above describes the test result. The output describes the direct effect between servqual and customer relation to customer value. However, there are results, namely, the customer relation does not affect the customer value. So these results prove hypothesis 2 but not hypothesis 3 from this study where:

H2 : Servqual affects customer value.

H3 : It is not proven that customer relation affects customer value.

The output of the structural model also explains the direct effect between servqual factors and the customer relation on customer satisfaction, where the two directions have different effects as hypothesized. So these results prove hypothesis 4, but not proven against hypothesis 5 of this study where:

H4 : Servqual affects customer satisfaction.

H5 : It is not proven that customer relation affects customer satisfaction.

Furthermore, the test results show that there is an effect of servqual on Iskandaria loyalty following hypothesis 6 in this study, but there is no effect between the customer relation on Iskandaria loyalty according to hypothesis 7. So that hypothesis 6 in the study can be accepted while hypothesis 7 is rejected, where:

H6 : Servqual affects loyalty.

H7: It is not proven that customer relation affects customer loyalty.

Next, hypothesis 8 and hypothesis 9 in this study have a unidirectional effect as has been hypothesized. Where there is an influence between the customer value and customer satisfaction and there is the customer value effect on Iskandaria's customer satisfaction. So these results prove hypotheses 8 and 9 of this study where:

H8 : Customer value affects customer satisfaction.

H9 : Customer satisfaction affects loyalty.

Indirect Effect Hypothesis (H10, H11, H12, and H13)

The description of the mediation hypothesis explains as follows:

H10 : Servqual's indirect effect on Loyalty through Customer Value

The following table presents the results of the hierarchical regression, explaining the change in customer value, before the mediation effect compared to after the customer value mediation effect between servqual and loyalty.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.667*	.445	.443	2.68623	.445	166.930	1	208	.000
2	.861*	.741	.739	2.08381	.741	296.799	2	207	.000

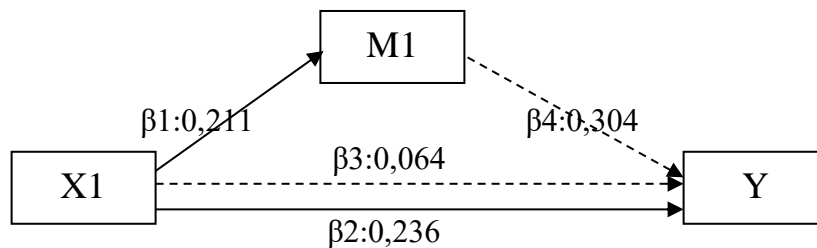
a. Predictors: (Constant), Service Quality

b. Predictors: (Constant), Service Quality, Costumer Value

c. Dependent Variable: Customer Loyalty

Figure 3. H10 Regression

Then, the picture below also discusses the mediating role of customer value (M1).



M1 = 0.211X1

Y = 0.064X1

Y = 0.304 M1 + 0.211X1

P < .05

P* > .05

→ R² = 0.739 F = 296.799

→ R² = 0.443 F = 166.930

→ R² = 0.700 F = 488.499

Figure 4. H10 Mediation

Figure 4 reveals a significant servqual contribution to the customer value ($\beta_1:0.211$, Sig.<0.05). Then, servqual significantly contributed to loyalty ($\beta_2:0.236$, Sig.<0.05), and when the influence of servqual on loyalty was mediated by customer value also showed a significant contribution based on the Sobel test ($\beta_3:0.064$, Sig.<0.05).

The results also show the change in R^2 . because the second model (without a mediator) is around $R^2 = 0.045$ for the third model (with a mediator) $R^2 = 0.700$. The change in R^2 was significant ($F = \text{change } 488.499$, Sig.<0.05). Furthermore, the relationship between the customer value variable and loyalty is also significant ($\beta_4:0,304$, Sig.<0.05). By summing up the results, this means that the customer value variable acts as a partial mediation. So, Hypothesis H10 which suspects that there is an indirect effect of the Servqual variable on Loyalty mediated by the Customer value is acceptable (not rejected).

H11 : Servqual's indirect effect on Loyalty through Customer Satisfaction

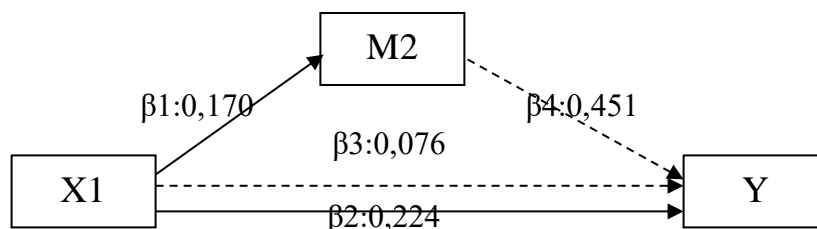
The following table presents the results of a hierarchical regression that explains the change in the customer value of the influence/relationship from before the mediation effect compared to after the mediation effect on customer satisfaction between servqual and loyalty.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.697*	.486	.483	1.99930	.486	196.387	1	208	.000
2	.866*	.750	.748	2.04866	.750	310.656	2	207	.000

- a. Predictors: (Constant), Service Quality
- b. Predictors: (Constant), Service Quality, Customer Satisfaction
- c. Dependent Variable: Customer Loyalty

Figure 5. H11 Regression

Then, the picture below also discusses the mediating role of customer satisfaction (M2).



$M2 = 0.170X1$	\longrightarrow	$R^2 = 0.748$	$F = 310.656$
$Y = 0.076X1$	\longrightarrow	$R^2 = 0.483$	$F = 196.387$
$Y = 0.451M2 + 0.170X1$	\longrightarrow	$R^2 = 0.700$	$F = 488.499$
$P < .05$			
$P* > .05$			

Figure 6. H11 Mediation

Based on the picture above, it is explained that the servqual variable significantly contributes to customer satisfaction ($\beta_1: 0.170$, Sig. <0.05). Then, the servqual variable significantly

contributed to the loyalty variable ($\beta_2:0.236$, Sig.<0.05), and when the servqual's contribution to loyalty was mediated by the customer value also showed significant results based on the Sobel test ($\beta_3:0.064$, Sig.<0.05).

Figure 6 describes the change in R2. namely the second model (without a mediator) around $R^2 = 0.024$ for the third model (with a mediator) $R^2 = 0.700$. The change in R^2 was significant (F = change 488.499, Sig.<0.05). Furthermore, the relationship between the customer value variable and loyalty is also significant ($\beta_4:0.451$, Sig.<0.05). By summing up the results, this means that the customer value variable acts as a partial mediation. So, Hypothesis H11 which suspects that there is an indirect effect of the Servqual variable to Loyalty mediated by Customer Satisfaction is acceptable (not rejected).

H12 : Customer relation’s indirect effect on Loyalty through Customer Value

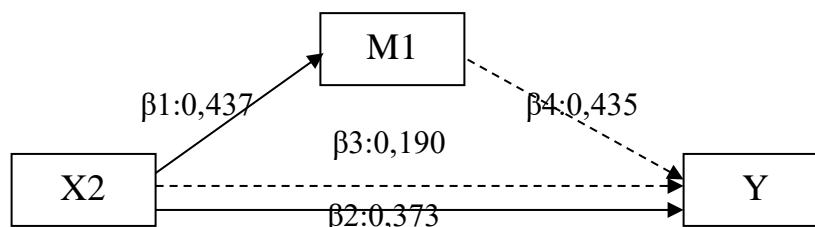
The following table presents the results that explain the change in the customer value of the influence, before the mediation effect compared to after the mediation effect of the customer value on the variables of customer relation and loyalty.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.655 ^a	.429	.427	2.72462	.429	156.439	1	208	.000
2	.800 ^a	.640	.637	2.45888	.640	183.995	2	207	.000

- a. Predictors: (Constant), Customer Relation
- b. Predictors: (Constant), Customer Relation, Customer Value
- c. Dependent Variable: Customer Loyalty

Figure 7. H12 Regression

Then, the picture below also discusses the mediating role of customer value.



$M1 = 0.437X2$	\longrightarrow	$R^2 = 0.637$	$F = 183.995$
$Y = 0.190X2$	\longrightarrow	$R^2 = 0.27$	$F = 156.439$
$Y = 0.435M1 + 0,437X2$	\longrightarrow	$R^2 = 0.554$	$F = 260.239$
$P < .05$			
$P^* > .05$			

Figure 8. H12 Mediation

Figure 8 explains the significant customer relation variable contributing to the customer value ($\beta_1:0.437$, Sig.<0.05). Then, the customer relation significantly contributed to loyalty ($\beta_2:0.373$, $p > 0.00$), and when the customer relation's contribution to loyalty was mediated by the customer value also showed significant results based on the Sobel test ($\beta_3:0.190$, Sig.<0.05). By summing up the results, this means that the customer satisfaction variable acts as a full

mediation. So, Hypothesis H12 which suspects that there is an indirect effect of the Customer relation to Loyalty variable mediated by the Customer value is acceptable (not rejected).

H13 : Customer relation’s indirect effect on Loyalty through Customer Satisfaction

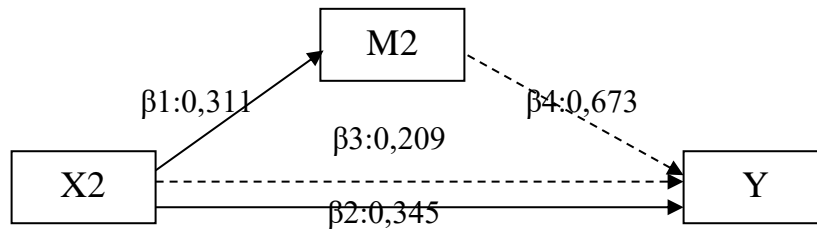
The following table presents the results that explain the change in the customer value of the influence/relationship from before the mediation effect compared to after the mediation effect on customer satisfaction between customer relation and loyalty variables.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.603 ^a	.363	.360	2,22419	.363	118,746	1	208	.000
2	.831 ^a	.690	.687	2,28170	.690	230,376	2	207	.000

- a. Predictors: (Constant), Customer Relation
- b. Predictors: (Constant), Customer Relation, Customer Satisfaction
- c. Dependent Variable: Customer Loyalty

Figure 9. H13 Regression

Then, the picture below also discusses the mediating role of customer satisfaction.



$M2 = 0.311X2$	→	$R^2 = 0.687$	$F = 230.367$
$Y = 0.209X2$	→	$R^2 = 0.360$	$F = 156.439$
$Y = 0.673M2 + 0.311X2$	→	$R^2 = 0.554$	$F = 260.239$
$P < .05$			
$P^* > .05$			

Figure 10. H13 Mediation

Figure 10 describes the significant customer relation variable contributing to the customer value ($\beta1:0.311$, Sig.<0.05). Then, the customer relation significantly contributed to loyalty ($\beta2:0.345$, $p > 0.00$), and when the customer relation's contribution to loyalty was mediated by customer satisfaction, it also showed significant results based on the Sobel test ($\beta3:0.209$, Sig.<0.05). By summing up the results, this means that the customer satisfaction variable acts as a full mediation. So, H13 which suspects that there is an indirect effect of the Customer relation to Loyalty variable mediated by Customer Satisfaction is acceptable (not rejected).

5.CONCLUSION

The results prove that servqual, customer relation, customer value, customer satisfaction, and loyalty in Iskandaria can be said to be good, servqual affects customer value, customer relation does not affect customer value, servqual affects customer satisfaction, customer relation does not affect customer satisfaction, servqual affects loyalty, customer relation does not affect loyalty,

customer value affects loyalty, customer satisfaction affects loyalty, servqual mediating customer value (partial mediation) on loyalty, customer satisfaction mediating (partial mediation) servqual on loyalty, fully mediating customer relation customer value (full mediation) on loyalty, and customer satisfaction mediating fully (full mediation) customer relation to loyalty. These findings explain that the increased loyalty model in Iskandaria is a function of increasing servqual, strengthening customer relation, and increasing customer value and customer satisfaction as a mediator. This finding describes that the model has been tested and proven academically as a premise, which is a combination of the theory of previous models.

Several facts provide recommendations for the research subject, namely Iskandaria. To increase customer loyalty in Iskandaria, one of the factors that must be improved is customer value. For this reason, Iskandaria should be able to improve servqual so that customers are satisfied and feel safe with Iskandaria's services. Servqual which is built in this research model affects customer loyalty directly, but not customer relations in Iskandaria. Therefore, Iskandaria should further improve servqual by opening offline and online services to make it easier to interact with customers.

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