

Effect Of Quality Products And Quality Of Service On Customer Loyalty Through Customer Satisfaction Pt Pegadaian (Persero)

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Abstract: *This study aims to examine directly influence the quality of the product) on customer satisfaction; direct influence of service quality on customer satisfaction; indirectly influence the quality of products on customer loyalty through customer satisfaction derived; indirectly influence the quality of service on customer loyalty through customer satisfaction; and the direct influence of customer satisfaction on customer loyalty PT Pegadaian (Persero). The population is the total number of customers at branch offices Sunter Jakarta Regional Office IX 2 PT Pegadaian (Persero), starting from 2014 until the month of December 2015 that a number of 12 671 customers. The number of samples taken in this study of 100 customers. As for the technique of sampling using simple random sampling. Simple random sampling technique is a process of sampling members of the population was random without regard to strata that exist in the population. Implementation of simple random sampling in this research is addressed to customers Branch Office Regional Office IX Sunter Jakarta 2 PT Pegadaian (Persero) who are customers.*

The results showed that the quality of the products have a significant direct effect on customer satisfaction; service quality has a significant direct effect on customer satisfaction; product quality has a significant influence on customer loyalty; service quality has a significant influence on customer loyalty; customer satisfaction has a significant influence on customer loyalty PT Pegadaian (Persero).

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

Jel Classification: **M31**

Date of Submission: 11-03-2019

Date of acceptance: 27-03-2019

I. Introduction

Pegadaianin Indonesia has long stood since the Dutch colonial period. To suppress the illegal Pegadaianpractice and minimize the "leeches" very harmful to society, then the Dutch colonial government to monopolize the business by setting up a Bureau Pegadaianshop who are in the neighborhood of the Office of Finance. Then in 1930 with No. 226. The Bureau Pagadian stbl.1930 it was transformed into a State enterprise under Article 2 IBWI (DonescheBedrijven Wet) which reads: designation of the branches of state agencies of Indonesia as a state enterprise in the sense of this Law, do with the ordinance.

Products supplied by PT Pegadaian (Persero) is KCA (Quick Credit Safe). Quick Loans Secured (KCA) is a system of credit with a pledge given to all categories of customers, both for consumptive and productive needs. KCA is a reliable solution to get a loan easily, quickly and safely. To get the credit customers simply need to bring collateral in the form of gold jewelry, gold bars, cars, motorcycles, laptops, mobile phones, and other electronic items.

Customer PT Pegadaian (Persero) is a figure of individuals or groups who have an urgent role for the company. This is due to the existence of customers having access to the existence of products on the market so that all company activities will be pursued in order to position the KCA products to be accepted by the customer. The existence of PT Pegadaian (Persero), is expected to manage their business in a way more professional, leaving no special features and its mission, which is lending on the basis of the law of pledge with the target market is people socioeconomic groups is weak (small) and by means of an easy, fast, safely and economically.

PT Pegadaian (Persero) is the only government agency that is engaged in the distribution of cash loans for people on the basis of the law of pledge to guarantee moving goods. Problem behavior of customers based on product association PT Pegadaian (Persero) is still a lot of customers who only know the money lending to the public on the law of pledge to guarantee chattels but less known product knowledge customers. In addition to the requirements of customers who happen to each dimension of service quality, the need to improve the quality of its services in order to meet the expectations of the customers.

With the changing environment and changes in human behavior will spur an increase in demand, Pegadaian services. The increasing Pegadaianbroking service today urged Pegadaian service sector companies, in particular, PT Pegadaian (Persero) compete to offer strengths. Many factors that affect customer service quality pledge form itself can be given by the company so that customers feel satisfied.

Customer satisfaction will be created due to good quality services by a company so that customers are satisfied with the products or services it receives will compare the services provided. Customer PT Pegadaian (Persero) are completely satisfied would have done credit / Pegadaian reset and recommend to other people doing credit / Pegadaian in a good servant quality.

To face the competition, PT Pegadaian (Persero) should focus on the customer. To that end, PT Pegadaian (Persero) should be able to deliver/provide products and services (services) prompt, create satisfied customers. To answer these challenges, PT Pegadaian(Persero) has implemented a customer service with the motto "Troubleshooting Without Problems" that every customer who requires money can overcome the problem with mortgages through service process convenient, timely, and fast (only 15 minutes) without problems (Decision of the Board of Directors No.OPP.3 / 5/35 in 1994).

With this kind of expected customer service get satisfactory service quality pledge. Customer satisfaction is created when services are perceived lien equals or exceeds the expected services. Thus, through the creation of service quality pledge, satisfaction, PT Pegadaian (Persero) is expected to win the competition which began to grow and be successful in increasing the number of customers at the same time maintain it so that these customers become loyal and ultimately have implications for the increasing number of turnover and profits derived by an enterprise ,

Customer satisfaction or customer will create a harmonious relationship with their customers so that it will directly create customer loyalty and provide profit company. Sustainability and success of the company depend on the system, the service quality of service and product quality in accordance with the corporate environment, and the ability of workers to provide services and explains the products on offer to meet the needs and expectations of customers. Customers will feel satisfied with the quality service system so that it will retain and create customer loyalty.

II. Literature Review

1. QualityProduct

Definition of the product issomething to offer to the market to be purchased, used or consumed in meeting the wishes and needs. Broader product definition includes physical objects, services, activities, people, places, organizations, ideas or a mixture of these things so a product does not only consist of tangible goods. Another product definition is something that benefits both in terms of meeting the daily needs or wants something that is owned by the consumer is the conclusion of what was a product. Consumers must sacrifice as a reply to his services, for example by way of purchase in order to fulfill the desire and need for a product that is wanted.

Overall the nature and characteristics of a product or service which affects the ability satisfying the needs expressed or implied are the elaborations of a quality. According to Lupiyoadi(2008) overall features and characteristics of a product in terms of meeting the needs that have been determined or latent, it was called as quality. Product capability in fulfilling this function is called a quality product. Dimensional quality of the product include:

- a. Performance is the main operational characteristics.
- b. Services is the ability to serve the product.
- c. Endurance is the economic life of the product.
- d. Reliability is the consistency of the performance of the resulting product.
- e. Characteristics of the product(features) are in addition to the product (features).
- f. Compliance with specifications (conformance with specifications) is a view of the quality of the manufacturing process according to the specifications have been determined and tested.
- g. Results (fit and finish) is the perceived quality which involves six dimensions previously. If not generated "final result" a good product then chances the company's products have no other important quality attributes.

The approach used to realize the quality of a product is a quality perspective. Tjiptono (2008: 113), identified the presence of five alternative perspectives of quality, where the fifth kind of perspective is what can explain why the quality is interpreted differently by each individual in different contexts.

a. Transcendental Approach

Quality in this approach can be felt or known but difficult to define and operated. This viewpoint is usually applied to the art of music, drama, dance and visual arts.

b. Product-Based Approach

This approach considers the quality as a characteristic or attribute that can be quantified and measured. The difference in quality reflect differences in the amount of some elements or attributes of the product. Because of this view is very objective, then it can not explain the differences in tastes, needs, and individual preferences.

c. User-Based Approach

This approach is based on the premise that the quality depends on the beholder and the most satisfactory products a person's preference, is a high-quality product. The subjective perspective of demand-oriented and also stated that different customers have different needs and desires as well, so the quality of the person is the same as the maximum satisfaction he felt.

d. Manufacturing- Based Approach.

This approach focuses on the adjustment of specifications developed internally, which is often driven by the goal of increased productivity and reduced cost.

e. Value-Based Approach

This approach views quality in terms of value and price. Quality in this perspective is relative so that the products have the highest quality product is not necessarily the most valuable. However, the most valuable product is the product or service purchased most appropriate.

2. Quality Service

Quality service and meet the level of interest consumers do to make the company one step ahead of its competitors. Services are provided as an act of a person or organization to give satisfaction to the customer or the customer is done directly serve customers or placing something where the customer/client already knows where he or services over the phone. To meet customers' desires to be something of products or services they need require acts of service of employees of the company either act directly or indirectly.

The concept of quality of service as the ratio between service expectations with perceptions of actual performance. Research in the field of service quality assessment instrument Servqual predominantly based on the model of the gap. It is agreed also that the quality of service is a multidimensional concept.

Quality services can be found comparing perceptions of consumers for services manifestly they received or acquired by the actual service they expect or want to attributes of an enterprise service. At companies that sell services need to identify the expectations and satisfaction of customers, so the company should be able to maintain excellent service quality. One of application the use of this SERQUAL measurement scale is to determine the relative importance of five dimensions that influence customer perception. Five dimensions SERQUAL as follows (Parasuraman, et al., 1998):

a. Tangibles

Tangibles are concrete evidence of the ability of a company to perform the best for the customer. Both in terms of the physical appearance of the building, facilities, equipment assistive technologies to employee performance.

b. Reliability

Reliability is the ability of companies to provide services in accordance with customer expectations related to speed, punctuality, no errors, sympathetic attitude, and so forth.

c. Responsiveness

Responsiveness is responsive provide fast or responsive as well as accompanied by the delivery of a clear and easy to understand.

d. Assurance

Assurance is a guarantee and assurance gained from employee politeness, good communication, and knowledge, so as to foster a sense of trust of customers.

e. Empathy

Empathy is to provide a genuine concern and personal to the customer, this is done to determine accurately the consumer desires and specifications.

3. Customer Satisfaction

The business world both services and manufacturing unremitting compete to make customers remain faithful (loyal) on its products and does not turn into another product. There are many reasons why customers

are loyal to a product, service or brand. It could be because of its simplicity accessible or appropriate price. But the key to customer loyalty which in fact is the actual satisfaction (genuine) of a product or service. The real satisfaction will encourage customers to return again and again. Satisfaction is what will be a binding eternal relationship between the customer and the marketer (Supriyono, 2007).

A similar opinion was also expressed by Yunanto (2008), which states that one of the tips that are believed by marketers to reach no other customer loyalty by creating a customer service system that always leads to customer satisfaction. Customers feel satisfied if their expectations are met or will be very satisfied if his hopes full. To learn more about the following customer satisfaction will be discussed on customer satisfaction from the perspective of some experts.

According to Kotler (2006), customer satisfaction is the level of one's feelings after compare perceived performance or results to those expected. Meanwhile, according to Engel et al inTjiptono (2008), customer satisfaction is the evaluation of after-purchase where the alternative is purchased at least give results (come out) that equals or exceeds customer expectations. If in fact this product when received in accordance with the wishes, needs, and expectations, these customers will be satisfied. On the contrary, if in fact the product is currently not accepted in accordance with the wishes, needs, and expectations, then the customer will be dissatisfied. The farther the deviation between the wants, needs, and expectations of customers/clients with the reality that it receives, then the customer is dissatisfied.

From the various opinions above, the customer satisfaction is the correspondence between the wants, needs, and expectations of customers (customer's needs, wants, and expectation) for acceptance of a product (or service) to the reality of the product is just accepted by him.

There are four (4) methods to measure customer satisfaction, namely (Kotler, 2006):

1. Complaints and Feedback System, which the company provides ample opportunity for customers to submit suggestions and complaints, for example, provide a suggestion box, the comment cards, customer hotlines, and others. Information obtained provide ideas and the company to overcome the problems that arise and certainly more attention to the interests of its customers:
2. Ghost Shopping, Namely by hiring some people to play a role and act as a potential buyer who will buy the company's products and product competitor, in order to get a report on the strengths and weaknesses of the company's own products and the company's competitors:
3. Lost Customer Analysis, by calling back customers who have been lost to find out the cause why these customers stop buying the company's products. Monitoring the level of customer lost (lost customer rate) also need to be conducted to determine if the company fails to satisfy its customers:
4. Customer Satisfaction Survey / Customer, which can be done by mail, telephone or personal interview, as a form of attention given by the company to its customers to get customers and direct feedback. According to Supranto(1997) :(Measurement of Customer Satisfaction Levels To Increase Market Share: 7-11), customer satisfaction measurement can be done by spreading customer satisfaction questionnaire which must trust by customers.

The factors that determine the level of customer satisfaction. There are five factors that determine the level of customer satisfaction, namely (Irawan, 2001):

a. Quality Product

some elements quality of products, namely: performance, durability, features, reliability, and design contingency. This is because the customer is satisfied after buying and using the product and turn out quality products used.

b. Price

The sensitive customer usually the cheap price is an important source of satisfaction because they will get value for money is high. But for those who are not priced sensitive components of this price is relatively unimportant for them.

c. Quality Service

Customersatisfied if they get good service or as expected.

d. Emotional Factors

Customers who feel proud and confident others in awe of him when using certain brands of products tend to have higher levels of satisfaction because of pride and self-confidence.

e. Costs And The Ease To Get The Product Or Service

Customers will be more satisfied and happy if it is relatively easy and efficient in getting a product or service because the customer does not need to waste time to get the product or service.

4. Customer Loyalty

Loyalty is a commitment to the company, brand or supplier based on a positive attitude that is reflected in the consistently recurring purchases. Customers who truly loyal not only potentially become a word-of-mouth advertiser, but most likely too loyal to portfolio products and services for many years (Kotler, 2006)

Customer loyalty more associated with behavior than with the attitude that loyal customers will demonstrate buying behavior repeated over time by several decision-making factors. Building a strong relationship with consumers is the dream of every marketer and sometimes become one of the key marketing success in the long term (Griffin, 2003).

Maintaining relationships between companies and customers must still be fostered as a decisive factor in order to avoid losing customers, this is due to loss of customers affect corporate profits. The cost of attracting new customers is greater than retain existing customers. According to Kotler (2006) to avoid losing customers, there are four steps to reduce the loss of customers, namely:

1. The company should define and measure the level of resistance (retention rate), which is the level of customer loyalty in the company's products.
2. Companies must distinguish the cause of reduced customer and identify things - things that can be managed properly.
3. Estimating profits lost when companies lose customers.
4. Companies must take into account how much cost to reduce the rate of customer switching.

Strategy about customer loyalty is essentially a series of a tactical program to start dissemination efforts to obtain or acquire consumers to regulate patterns of buying behavior of customers towards the product or service being offered. The program started with the promotion of long-term strategy even though marketers cannot predict it. Companies started to implement orientation on consumers by improving customer retention by building consumer loyalty. This business is conducted by executing various programs. Usually, consumers be joined by members. These programs may have only a small impact or even none at all on consumer behavior.

Company, where they relate to business needs, require that consumers feel comfortable and confident. All the efforts made by the marketers must be realistic and tangible. Companies that build a brand image with a wide range of experience will create customer loyalty and automatically win the competition.

In building organizational relationships some companies Doby providing products and services quality good and quality, as well as building customer loyalty programs. If the program that do not successful then give the results of value to the consumer, the consumer runs the risk in customer loyalty.

Company should ensure their value in the eyes of consumers to help create natural loyalty to products and services are good and the confidence of the consumers through everything they do. Many programs do marketers in conducting customer loyalty strategy that depends on the conditions and situation as well as its position in the eyes of consumers. One way the media selection makes it increasingly difficult to reach customers or new customers by placing obstacles in the enterprise to the consumer pleasure today because customers are becoming increasingly busy and business is becoming increasingly competitive.

III. Research Methods

1. Research Design

This type of research is field research, where the author will collect data by conducting an in-depth study of the object under study to get a complete picture and organized about the object of research that customers Branch Sunter Regional Office IX Jakarta 2 PT Pegadaian (Persero).

As for the method of data analysis, this research using descriptive analysis quantitative research procedures with regard to the question of the existence of independent variables, either only one or more variables. So in this study, the researchers did not make a comparison of the variables in the other samples and search for the variable relationship with other variables.

In an effort to provide the mindset of this study, researchers tried to explain the framework of research conducted in a framework. In this framework can be obtained a description that, the role of product and service quality is considered very important in affecting customer confidence. The framework can be seen in Figure 1:



Figure 1. The framework

2. Formulation of the Problem

The formulation of the problem to be studied further is:

- Is there a direct influence on product quality PT Pegadaian (Persero) on customer satisfaction PT Pegadaian (Persero)?
- Is there a direct influence quality of services provided by PT Pegadaian (Persero) on customer satisfaction PT Pegadaian (Persero)?
- Is there an indirect influence on product quality PT Pegadaian (Persero) on customer loyalty through customer satisfaction derived PT Pegadaian (Persero)?
- Is there indirectly influence the quality of service provided by PT Pegadaian (Persero) on customer loyalty through customer satisfaction derived PT Pegadaian (Persero)?
- Is there indirect influence on customer satisfaction obtained Pegadaian customers PT (Persero) on customer loyalty PT Pegadaian (Persero)?

3. Population and Sample Research

Population

A population is a group of people or objects that have in common one or more of which form the subject matter of an issue in the study in a population. The population is the total number of customers at branch offices Sunter Jakarta Regional Office IX 2 PT Pegadaian (Persero), starting from 2014 until the month of December 2014 that a number of 12. 671 customers.

Samples

The number of samples taken in this study of 100 customers. As for the technique of sampling using simple random sampling. Simple random sampling technique is a process of sampling members of the population was random without regard to strata that exist in the population. Implementation of simple random sampling in this research is addressed to customers Branch Office Regional Office IX Sunter Jakarta 2 PT Pegadaian (Persero) who are customers.

4. Data Processing Method

Data processing is a process in obtaining the data summaries or summaries figure ways or certain formulas aimed at transforming the raw data from the measurement results become more refined data that gives direction for further study (Sudjana, 2001: 128). Data processing method of this study using a computational program SPSS (Statistical Product and Service Solution) due to the ability of statistical analysis is quite high and the data management system in a graphical environment using the menus descriptive and dialog boxes is simple, making it easy to understand how to operate (Sugiyano, 2007: 1).

IV. Results and Discussion

1. Analysis Validity

Testing the validity of the questionnaire on the dimensions of the quality of products made by calculating the Pearson product moment correlation for each product quality scores of the questions with a total score four product quality grains such questions. In summary, the results of the calculation of validity for the dimensional quality of the product are presented below:

Table 1. Results of testing the validity of the quality of the product

| Question | R-count | R-table | Probability | Conclusion |
|----------|---------|---------|-------------|------------|
| Item 1 | 0.747 | 0.198 | 0,000 | valid |
| Item 2 | 0.913 | 0.198 | 0,000 | valid |
| Item 3 | 0.854 | 0.198 | 0,000 | valid |
| Item 4 | 0.620 | 0.198 | 0,000 | valid |

The results of the analysis in Table 1, test validity the variable quality of the products above, it can be seen that the correlation value is obtained compared with the value r correlation table, with degrees of freedom (n-2) or (100-2) and $\alpha = 0.05$ criticism table figures obtained by 0.198. Figures correlation of each of the questions of the quality of products obtained r-count variable greater than r-table and significance of the error probability $p = 0.000$, it can be said that the variable quality of the product is valid.

Testing the validity of the questionnaire on the dimensions of service quality is done by calculating the Spearman rho correlation product moment for the average individual score of the questions with a total score four product quality grains such questions. Summary results of the calculation of validity to the quality of service is presented in Table 2 below:

Table 2. Results of testing the validity of the dimensions of quality of service

| Question | R-count | R-table | Probability | Conclusion |
|----------|---------|---------|-------------|------------|
| Item 1 | 0.525 | 0.198 | 0,000 | valid |
| Item 2 | .845 | 0.198 | 0,000 | valid |
| Item 3 | 0.829 | 0.198 | 0,000 | valid |
| Item 4 | .850 | 0.198 | 0,000 | valid |
| Item 5 | .834 | 0.198 | 0,000 | valid |

The results of the analysis in Table 2 test validity service quality variables above, it can be seen that the correlation value is obtained compared with the value r correlation table, with degrees of freedom (n-2) or (100-2) and $\alpha = 0.05$ criticism table figures obtained by 0.198. Figures correlation of each of the questions of the quality of services obtained r-count variable greater than r-table and significance of the error probability $p = 0.000$, it can be said that the variable quality of service is valid.

Testing the validity of the questionnaire on the dimensions of customer satisfaction conducted by calculating the Pearson product moment correlation to each customer satisfaction scores of the questions with a total score of four customer satisfaction items such questions. Here is presented the results of the calculation of validity for customer satisfaction that can be presented in Table 3 below.

Table 3. Results of testing the validity of customer satisfaction

| Question | R-count | R-table | Probability | Conclusion |
|----------|---------|---------|-------------|------------|
| Item 1 | 0.639 | 0.198 | 0,000 | valid |
| Item 2 | 0.838 | 0.198 | 0,000 | valid |
| Item 3 | 0.782 | 0.198 | 0,000 | valid |
| Item 4 | 0,535 | 0.198 | 0,000 | valid |

The results of the analysis in Table 3 test validity variable customer satisfaction above, it can be seen that the correlation value is obtained compared with the value r correlation table, with degrees of freedom (n-2) or (100-2) and $\alpha = 0.05$ criticism table figures obtained by 0.198. Figures correlation of each of the questions of the variables obtained r-count customer satisfaction greater than r-table and significance of the error probability $p = 0.000$, it can be said that the variable is valid.

Testing the validity of the questionnaire on the dimensions of customer loyalty is done by calculating the Pearson product moment correlation to each customer loyalty score of the questions with a total score of four customer satisfaction items such questions. Here is presented the results of the calculation of validity for customer loyalty that can be presented in Table 4 below.

Table 4. Results of testing the validity of customer satisfaction

| Question | R-count | R-table | Probability | Conclusion |
|----------|---------|---------|-------------|------------|
| Item 1 | 0.889 | 0.198 | 0,000 | valid |
| Item 2 | 0,806 | 0.198 | 0,000 | valid |
| Item 3 | 0.779 | 0.198 | 0,000 | valid |
| Item 4 | 0.394 | 0.198 | 0,000 | valid |

The results of the analysis in Table 4 test validityvariable customer loyalty above, it can be seen that the correlation value is obtained compared with the value r correlation table, with degrees of freedom (n-2) or (100-2) and $\alpha = 0.05$ criticism table figures obtained by 0.198. Figures correlation of each of the questions of the variables obtained r-count customer loyalty greater than r-table and significance of the error probability $p =$

0.000, it can be said that the variable is valid.

2. Test Reliability

From the results of the reliability test performed using SPSS version 21 gained by Cronbach's alpha greater than 0.60 for all four variables: product quality, service quality, customer satisfaction and customer loyalty. Results of the reliability of the variables can be seen in Table 5 below:

Table 5. Results of the reliability test

| Variables | Coefficient alpha | Conclusion |
|-----------------------|-------------------|------------|
| Product quality | 0.814 | reliable |
| Service quality | 0.805 | reliable |
| Customer satisfaction | 0.776 | reliable |
| Customer loyalty | 0.794 | reliable |

The results of the analysis in Table 5 shows the results of reliability testing on variable product quality, service quality and customer satisfaction with 32 questions, after testing turned out all items of questions considered reliable because the value of the alpha coefficient has been above 0.60.

3. Path Analysis Results

Table 6 below presents the results of analysis of the influence of variable quality product (X1) and quality of service (X2) on customer satisfaction (Z) PT Pegadaian (Persero).

Table 6. The path coefficient ts service quality and product quality to customer satisfaction

| No. | Variables | Path coefficient | t | Sig. |
|-----|---------------------------------|------------------|-------|--------|
| 1 | The quality of the product (X1) | 0.195 | 2.131 | 0,036 |
| 2 | Quality of service (X2) | 0.652 | 7.122 | 0,000 |
| | F-count = 92.802 R2 = 0.657 | | | 0,000b |

Based on Table6, it can be seen that the quality of product and service quality has a significant impact on customer satisfaction PT Pegadaian (Persero). The coefficient of determination obtained in this calculation is equal to 0.657. Thus the influence of other variables on customer satisfaction in addition to the variable quality of product and service quality can be calculated as follows:

$$Px_e \in = \sqrt{1 - R^2 X_1 X_2}$$

$$Px_e \in = \sqrt{1 - 0,657}$$

$$Px_e \in = 0.585$$

Based on the above calculation, we can know that the contribution of other variables customer satisfaction PT Pegadaian (Persero) amounted to 58.50%.

The results of path analysis variables influence the quality of the product (X1), quality of service (X2) and customer satisfaction (Z) of the customer loyalty (Y) is presented in Table 7.

Table 7. The path coefficients service quality, product quality and customer satisfaction on customer loyalty

| No. | Variables | Path coefficient | t | Sig. |
|-----|---------------------------------|------------------|-------|--------|
| 1 | The quality of the product (X1) | 0.191 | 2,760 | 0.007 |
| 2 | Quality of service (X2) | 0.453 | 5,433 | 0,000 |
| 3 | Customer satisfaction (Z) | 0.333 | 4,446 | 0,000 |
| | F-count = 140.710 R2 = 0.815 | | | 0,000b |

Based on Table 7, it can be seen that the quality of products, quality of service and customer satisfaction has a significant impact on customer loyalty PT Pegadaian (Persero). The coefficient of determination obtained in this calculation is equal to 0.815. Thus the influence of other variables on customer loyalty in addition to the variable quality of service, product quality, and customer satisfaction, can be calculated as follows:

$$Px_e \in = \sqrt{1 - R^2 X_1 X_2}$$

$$Px_e \in = \sqrt{1 - 0,815}$$

$$Px_e \in = .430$$

Based on the calculations above, we can know that the contribution of other variables customer satisfaction PT Pegadaian (Persero) amounted to 43.00%.

Next, the percentage of direct and indirect effects of the variables above study on customer loyalty PT Pegadaian (Persero) is presented in Table 8

Table 8. Summary of direct and indirect effects of the variable product quality, service quality and customer satisfaction on customer loyalty

| Exogenous variables | Endogenous variables | The direct effect | Indirect effect | Total effect | p-value |
|---------------------------------|---------------------------|-------------------|-----------------|--------------|---------|
| The quality of the product (X1) | Customer satisfaction (Z) | 0.195 | | | 0.036 |
| Quality of service (X2) | Customer satisfaction (Z) | 0.652 | | | 0.000 |
| Customer satisfaction (Z) | Customer loyalty (Y) | 0.333 | | | 0.000 |
| The quality of the product (X1) | Customer loyalty (Y) | 0.191 | 0.063 | 0.254 | 0.007 |
| Quality of service (X2) | Customer loyalty (Y) | 0.453 | 0.150 | 0.603 | 0.000 |

4. Test Research hypothesis

Test the hypothesis of this study showed that:

1). Direct influence between product quality to customer satisfaction

The first hypothesis in this study to determine the effect of product quality affects the customer satisfaction PT Pegadaian (Persero). Based on Table 6, a t-test is known that the t value 2.131 with a significance level of 0,036 then calculate the significance level of less than a significant level set ($0.036 < 0.05$). Thus rejected H_0 , H_a accepted which means that the quality of products significantly influences customer satisfaction PT Pegadaian (Persero).

2). Directly influence the quality of service to customer satisfaction

The second hypothesis of this study to determine the quality of service significantly affect customer satisfaction PT Pegadaian (Persero). Based on t-test as shown in Table 6, in mind that t-count of 7.122 with a significant value of 0.000 it is evident that a significant level count is less than a significant level set ($0.000 > 0.05$). Thus rejected H_0 , H_a accepted which means that service quality significantly affects customer satisfaction PT Pegadaian (Persero).

3). The influence of product quality on customer loyalty with satisfaction customer as an intervening variable

The third hypothesis to determine the quality of the products has a significant effect on customer loyalty PT Pegadaian (Persero). Based on t-test as to which note that t-count amounted to 2.760 with a significance value of 0.007 it is evident that the significance level count is less than a significant level set ($0.007 < 0.05$). Thus rejected H_0 , H_a accepted which means that the quality of products significantly influences customer loyalty PT Pegadaian (Persero).

4). The influence of service quality on customer loyalty with satisfaction customer as an intervening variable

The fourth hypothesis of this study to determine the quality of services has a significant effect on customer loyalty PT Pegadaian (Persero). Based on t-test as to which Table 7, note that the value of 5,433 t with a significance value of 0.000 it is evident that the significance level count is less than a significant level set ($0.000 < 0.05$). Thus rejected H_0 , H_a accepted which means that service quality significantly influences customer loyalty PT Pegadaian (Persero).

5). Influence of customer satisfaction on customer loyalty

The fifth hypothesis this study to determine customer satisfaction significantly influence customer loyalty PT Pegadaian (Persero). Based on t-test as to which note that t-count amounted to 4.446 with a significance value of 0.000 it is evident that the significance level count is less than a significant level set ($0.000 < 0.05$). Thus rejected H_0 , H_a accepted which means that the customer satisfaction significantly influences customer loyalty PT Pegadaian (Persero).

V. Discussion

1. Influence of product quality to customer satisfaction PT Pegadaian (Persero)

based on hypothesis testing showed that the quality of the products have a significant direct effect on customer satisfaction PT Pegadaian (Persero) that the better quality product will certainly affect on the rise in customer satisfaction PT Pegadaian (Persero). Results of tests using SPSS results obtained by the path coefficient influence the product quality (PzX1) is 0.195 with a significance value of 0.036, which means a significant effect on customer satisfaction. If the significant value compared to the level used significantly ($\alpha = 0.05$) it is evident that significant value is smaller than the significant level used ($0.036 < 0.05$). This means that the hypothesis is accepted at the 95% confidence level. It can be said that the quality of the products has a significant effect on customer satisfaction PT Pegadaian (Persero).

Positive effect on product quality and have a significant direct effect on customer satisfaction PT Pegadaian (Persero), amounting to 17.50%. It means if it wanted improved customer satisfaction, the quality of a given product must also be increased.

Research result This is in line with the opinion of the Lupiyoadi (2008) satisfaction is a feeling that one's level of declared results of the comparison on the performance of the product received the support of the ten determinants of satisfaction (ten domains of satisfaction) that affect consumer behavior, one of which is the quality of the product.

2. Impact of service quality to satisfaction customers PT Pegadaian (Persero)

Based on hypothesis testing known that service quality has a significant direct effect on customer satisfaction PT Pegadaian (Persero). The better the quality of service will certainly enhance the customer satisfaction PT Pegadaian (Persero). Increasing customer satisfaction will be determined by the good quality of service provided to customers. Results of tests using SPSS results obtained by the path coefficient influence the quality of service (PzX2) is 0.652 with a significance value of 0.000, which means a significant effect on customer satisfaction. If the significant value compared to the level used significantly ($\alpha = 0.05$) it is evident that significant value is smaller than the significant level used ($0.000 < 0.05$). This means that the hypothesis is accepted at the 95% confidence level.

Results of the calculations directly influence service quality on customer satisfaction PT Pegadaian (Persero) amounted to 74.10%. The findings of this study demonstrate that the level of service quality affects customer satisfaction. Thus the quality of service is a factor that greatly affects customer satisfaction. The better the quality of services provided will certainly increase customer satisfaction.

The results are consistent with the opinion put forward the quality of service has a close relationship with customer satisfaction. Quality of service provides an impetus to customers to establish strong ties with the company. In the long term, these bonds allow companies to understand thoroughly the expectations and needs of customers. Therefore, the company should be able to improve customer satisfaction (Tjiptono, 2008).

3. Influence of product quality to customer loyalty PT Pegadaian (Persero) through customer satisfaction

Based on the hypothesis test is known that the quality of the products has a significant influence on customer loyalty PT Pegadaian (Persero). The better the quality of the products would provide the effect of increasing customer loyalty PT Pegadaian (Persero). Results of tests using SPSS results obtained by the path coefficient influence the product quality (PYX1) is 0.191 with a significance value of 0.007, which means a significant effect on customer loyalty. If the significant value compared to the level used significantly ($\alpha = 0.05$) it is evident that significant value is smaller than the significant level used ($0.000 < 0.05$). This means that the hypothesis is accepted at the 95% confidence level. Thus it can be said that the quality of the products has a significant effect on customer loyalty PT Pegadaian (Persero).

The result of the calculation of the effect of product quality to customer loyalty PT Pegadaian (Persero) amounted to 25.40% comprising direct influence on customer loyalty product quality by 19.10% and the indirect influence product quality to customer loyalty through customer satisfaction amounted to 6.30 %.

The findings of this study prove that the quality of a product affects customer loyalty. Thus the better the quality of products provided of course will increase customer loyalty. The results are consistent with the notion that consumers are satisfied will be happy to convey the positive news about the product used, but consumers are not satisfied is negative news (Santoso, 2009).

4. Impact of service quality on customer loyalty PT Pegadaian (Persero) through customer satisfaction

Based on the hypothesis test is known that service quality has a significant influence on customer loyalty PT Pegadaian (Persero). The better the quality of service would provide the effect of increasing customer loyalty PT Pegadaian (Persero). Results of tests using SPSS results obtained by the path coefficient influence the quality of service (PyX1) is 0.453 with a significance value of 0.000, which means a significant effect on customer loyalty. If the significant value compared to the level used significantly ($\alpha = 0.05$) it is evident that significant value is smaller than the significant level used ($0.000 < 0.05$). This means that the hypothesis is accepted at the 95% confidence level. Thus it can be said that the quality of services has a significant effect on customer loyalty PT Pegadaian (Persero).

The result of the calculation of the effect of service quality on customer loyalty PT Pegadaian (Persero) amounted to 60.30% comprising direct influence of service quality on customer loyalty amounted to 45.30% and the indirect effect of service quality on customer loyalty through customer satisfaction by 15.00%. The findings of this study demonstrate that the level of service quality affects customer loyalty. Thus the better the quality of services provided will certainly increase customer loyalty.

The results of the present study is in line with research conducted by Mosahab et al. (2010), that the relationship between service quality, customer satisfaction, and customer loyalty can give creative ideas for improvement in order to gain that service quality has a direct influence indirectly (through satisfaction) on customer loyalty.

5. The influence of customer satisfaction on customer loyalty PT Pegadaian (Persero)

Based on hypothesis testing known that customer satisfaction has a significant influence on customer loyalty PT Pegadaian (Persero). The higher the perceived satisfaction will certainly increase customer loyalty PT Pegadaian (Persero). Results of tests using SPSS results obtained by the path coefficient influence customer satisfaction (Pyz) is 0.333 with a significance value of 0.000, which means a significant effect on customer loyalty. If the significant value compared to the level used significantly ($\alpha = 0.05$) it is evident that significant value is smaller than the significant level used ($0.000 < 0.05$). This means that the hypothesis is accepted at the 95% confidence level. Thus it can be said that customer satisfaction significantly influences customer loyalty PT Pegadaian (Persero).

Results of the calculations directly influence customer satisfaction on customer loyalty PT Pegadaian (Persero) amounted 33.30%. The findings of this study prove that the level of perceived customer satisfaction affects the level of customer loyalty PT Pegadaian (Persero). Thus customer satisfaction is a factor that affects customer loyalty. The higher level of satisfaction felt by our customers will certainly increase customer loyalty itself.

Research result in line with the opinion that the increase in customer satisfaction led to an increase in customer loyalty. The positive correlation between satisfaction and loyalty will cause the customer wishes to recommend to others (Bowen and Chen, 2001). In line with the opinions Gerpottet in Hidayat (2009) stated that customer satisfaction as a factor in determining customer loyalty, which in turn is a major determinant for retaining customers and with the onset of satisfaction consequently, the company can have the loyalty of its customers and has a customer base stable which can ultimately reduce cost.

VI. Conclusions and Suggestions

1. Conclusion

Based on the results of research and analysis of the effect of the influence of product quality and service quality on customer satisfaction in establishing customer loyalty PT Pegadaian (Persero) can be deduced as follows:

- a. Product quality significantly direct effect on customer satisfaction PT Pegadaian (Persero).
- b. Quality of care significantly direct effect on customer satisfaction PT Pegadaian (Persero).
- c. Quality products indirect effect significantly on customer loyalty through customer satisfaction PT Pegadaian (Persero).
- d. Quality of care indirect effect significantly on customer loyalty through customer satisfaction PT Pegadaian (Persero).
- e. Customer satisfaction significantly direct effect on customer loyalty PT Pegadaian (Persero).

Suggestion

- a. Creating new measures in accordance with the characteristics of the people in marketing products Pegadaian(Persero)., thus expected to maintain customer confidence.
- b. KCA product factors as the main feature of the service industry need to be implemented optimally, so that customer satisfaction can be realized against PT Pegadaian(Persero). Based on this research, the KCA product factor is the most dominant factors affecting customer satisfaction in using the facilities of mortgage products. So, in this case, the PT Pegadaian(Persero) should retain KCA product that has been done and will be even better if an optimal service quality improved.
- c. This thesis should be a consideration for the PT Pegadaian(Persero) in the development of products Pegadaian so as to improve customer satisfaction.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Windi Irani " Effect Of Quality Products And Quality Of Service On Customer Loyalty Through Customer Satisfaction Pt Pegadaian (Persero)". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 3, 2019, pp. -.87-98