

Determinants of Consumer Loyalty with the Servqual Model at Franchised Pharmacies in the City of Surabaya



Soleh Hanafi Ihsan¹, Sri Setyo Iriani², Jun Surjanti³

^{1,2,3}Universitas Negeri Surabaya, Indonesia

ABSTRACT: This study purposes to know the factors influencing loyalty of consumer at franchised pharmacies in the City of Surabaya passing through satisfaction variable of consumer as intervening variable. This research used quantitative method namely path analysis. Sampling technique was carried out according to accidental by taking respondents who happened to be at the research place. Collecting data in this study exerted was distributing questionnaires. The result of study showed that the dimension of service quality that are tangible, reliability, responsiveness, assurance, empathy which effected on consumer loyalty through the satisfaction of consumer as intervening variable to franchised pharmacies. To increase loyalty of consumer, the person in charge of the pharmacy should focus on improving tangible, reliable, assurance and empathy variables that proven to have an effect on loyalty of consumer at the company's franchised pharmacies.

KEYWORDS: Consumer satisfaction, Consumer loyalty, Servqual model

I. INTRODUCTION

In this globalization era, people now increasingly aware that health is the most important thing in life. This case also raises the demand of health facility [1]. One of the aspects of health problem is doctor's prescription. Medicines are the most important part of health care cause drug consumption can achieve 40 % of health care cost. It requires health care provider to provide and increase the quality of therapeutic and preventive service in order to raise the quality of life and keep consumer satisfaction to the health care. Pharmacy has dual roles namely health care provider and business unit so the Pharmacy should give good service to the consumer [2]. In the establishment of the Pharmacy, it can be divided into franchised pharmacy and independent pharmacy. Franchise pharmacy is built through joint business between owner and businessman. Previously, we might see "Pharmacy A" only have 2-3 branches in every city, nowadays it applies franchise system to expand their business and increase profit. They are such as Apotek K-24, Apotek Century, Apotek Mal 24, Apotek Kimia Farma and etc.

Pharmacy belongs to service field so it needs to provide good and optimal service quality to the consumer in order to make the loyalty of consumer. In addition to provide health products, pharmacies also have to focus to the service quality. Consumers do not only ask high quality product but also prima service [3]. Therefore, the study aim to measure service quality by using SERVQUAL theory which is established by Parasuraman. This analyzing is used to value expectation and consumer perception to the service of service provider. There are five dimensions of service quality by Parasuraman [4]. like tangibles, reliability, responsiveness, assurance and empathy. Those instruments are sufficient popular used by scientist because they are easy to use and applied in various service field. At the first decade since that instrument established, SERVQUAL seen as the most complete instrument in conceptualizing and measuring service quality [5].

Relevance between service quality, consumer satisfaction, and consumer loyalty are the most prerequisite, loyalty and consumer satisfaction are the effect of service quality mediation to the consumer loyalty [6]. This explains that good service quality is one of the factors that influence consumer satisfaction and loyalty consumer which is consumer satisfaction is higher so does loyalty level to the company. The dimension of service quality that are assurance, empathy and responsiveness influence consumer intention to always use the service because effect that felt from quality [7]. Ramanathan, Subramanian, and Parrott (2017) explains that dimension of service quality is assurance from company that have significant effect to the whole perception of service quality in influencing consumer satisfaction and loyalty. But, the study of Arıkan and Güner (2013) gives different result that service quality does not influence customer loyalty. Izogo and Ogba (2015) in their study discover that there is no significant relation between tangible dimension of service quality toward consumer satisfaction. Ngo and Nguyen (2016) said that variable

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of consumer satisfaction mediate the relation between service quality and consumer loyalty of retail bank in Vietnam, Aga and Safakli (2007) explain that empathy dimension is the only one of SERVQUAL dimension that has relation with consumer satisfaction and loyalty. Based on the research gap and problem on Pharmacy business have founded on several studies, further research will be carried out entitled “ Determinants of Consumer Loyalty with the Servqual Model at Franchised Pharmacies in the City of Surabaya”.

II. THEORETICAL REVIEW

Loyalty is consumer willing to use company products and consumer exclusively and recommend to their friends. Loyalty can be divided into brand loyalty and store loyalty. Brand loyalty can be said that consumer like and admire a particular brand which is reflected from repeated and consistent purchasing. Whereas store loyalty can be seen with consumer behavior which is consistently visit the store, obtain to buy everything that they need on store. Griffin explains that loyalty focusing on behavior taken from parts of decision maker to buy product or service repeatedly on company.

Kotler & Keller said that satisfaction is a feeling of pleasure or disappointment experienced by someone who is obtained from the results of comparing product performance with perceived results with expectation of products or services. Generally, there are three levels of consumer satisfaction, if performance is not appropriate with expectation so the consumer are disappointed but if the performance is agree with the expectation so the consumer are very satisfaction and intend to use it repeatedly. Rating of product depends on some factors which product has positive value so it will also make positive consumer perception and the consumer intend to sustained use.

Ramanathan, Subramanian and Parrott (2017) explained that service quality has complex definitions. Some dimension of service quality which is commonly used such as:

- Reliability, ability to give precise service that are applying good service, obtain to communicate well with consumer such as conferring good service through telephone, email or direct service.
- Responsiveness, willingness to give good service and assistance to the consumer. It can be seen through the service activities served to strength consumer satisfaction. Responsiveness measures how well the personnel give attention when there is complaint and question from the customer.
- Assurance, measuring the skill of personnel to create the trust of consumer.
- Empathy, focusing on consumer treatment as individual. One of the treatments is giving attention and helping consumer when they get troubles and serving what the consumer need.
- Tangibles (physical), emphasizing on physical elements. They can be seen, felt, touched, and be able to listen. It is involved facilities such as building, office, parking are and location, instrument, physical performance of the employee such as neat, friendly furthermore material physical such as advertising aim to catch the consumer and it is easy to remember whereas the service quality indicator in this study is SERVQUAL such as Reliability, Responsiveness, Assurance, Empathy, Tangibles..

Service quality is one of the elements to determine level of consumer satisfaction. If the service quality is good so consumer loyalty increase [11]. Based on Rasheed and Abadi (2014) explains about positive relations between service quality and consumer loyalty. High level of consumer satisfaction impact to consumer loyalty [13]. There is a Meta-Analysis related to consumer loyalty where the effect of service quality provides an increasing consumer loyalty over time. [14];[15].

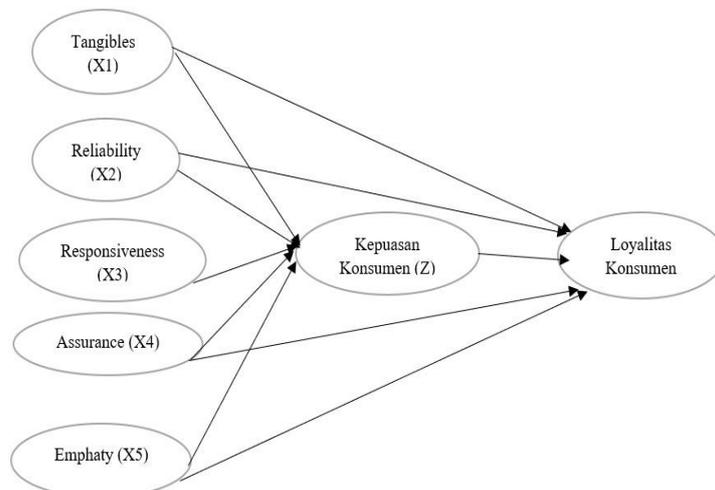


Figure 1. Conceptual Framework

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Hypothesis

- H1 : Tangibles dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H2 : Reliability dimension, has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H3 : Responsiveness has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H4 : Assurance dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H5 : Empathy Dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H6 : Consumer satisfaction has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H7 : Tangibles dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H8 : Reliability dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H9 : Responsiveness has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H10 : Assurance dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H11 : Empathy Dimension has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city
- H12 : Consumer satisfaction has a significant and positive influence to the consumer satisfaction at franchised pharmacy in Surabaya city

III. RESEARCH METHODOLOGY

Type of Research Methodology

Approachment that used is quantitative approach. Population is consumer of franchise pharmacy in Surabaya. This study is involved confirmatory research that aimed to exam the theories or hypothesis to strengthen or reject previous theory or research hypothesis. The method of data collection in this research are:

1. Questionnaire is collecting and distributing questionnaire which have been arranged to the respondent. The scale used is linkert scale. According to Sugiyono, linkert scale is a measuring instrument to assess opinion, attitude, someone perception about social phenomenon.
2. Interview is data collection method through direct question toward respondent. Interview was conducted with the aim if researcher wants to investigate the problem.

Data Analysis

Path analysis used to get pattern of relationship between variables. This model used to see the direct and indirect effect between independent variable and dependent variable. Thus, this study use path analysis and SPSS version 25 to process the data.

Validity and Reliability Test

Validtdity test is an instrument to accurately measure what it is supposed to measure. This explains how score/value be able to describe the result of observation and measuring appropriately. Reliability test clarify consistency that is if the researcher obtain to evaluate research instrument based on different technique. But the basic question to measure data reliability is "how is the consistency of data collected".

Test Model (Test Statistic F)

The F Test used to know the influence of independent variable to dependent variable partially. Decision making seen through comparing t count and t table. If t count > t table so independent variable has effect to dependent variable so hypothesis is proven as well. On the other hand, it can be seen from significant level, if probability <0,05 ($\alpha = 5\%$), so independent variable has an effect to the dependent variable.

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Determination Coefficient Test

When R^2 close to 1, independent variable describe dependent variable that is close to 100 percent and use appropriate model. There are five conditions can explain the effect of mediation such as:

1. Independent variable has significant effect to mediation variable
2. Independent variable has effect to dependent variable
3. Mediation variable has effect to dependent variable when independent variable put into regression equality
4. If influential of independent variable to dependent variable is not significant when put into regression equality so perfect mediation occurs. If it is significant but the strength is less so partial mediation happens.
5. Independent variable assumed causing mediator in order to independent variable have to make significant correlation with dependent variable.

Sobel Test

Sobel test carried out to assess the strength of indirect-effect between independent variable (X) and dependent variable (Y) through intervening or mediation variable. Indirect-effect X to Y through Z counted with shift path $X \rightarrow Y$ or ab so coefficient $ab = (c - c')$, namely c is the influential X variable toward Y variable without controlling Z, whereas c' namely coefficient effect X to Y after controlling Z. Standard of coefficient error both a and b written with S_a and S_b as score of standard error has indirect effect. If the significance of probability level is 0,00001 ($P \leq 0,05$), it has no mediation effect.

IV. DISCUSSION

Validity and Reliability Test

Based on validity test in every question of tangibles variable like reliability, responsiveness, assurance and empathy, consumer satisfaction obtained score r count $\geq r_{table}$ pada $df-2 = 98 = 0,1966$, which means all the questions to reliability, responsiveness, assurance and *Empathy* are valid. For reliability test obtained score for every variable are *Tangibles* sebesar 0,991, *Reliability* sebesar 0,983, *Responsiveness* sebesar 0,984, *Assurance* is 0,988, *Empathy* is 0,993, consumer satisfaction that is 0,991, consumer loyalty sebesar 0,967, comparing count result with Cronbach Alpha obtained to every standard with alpha standard 0,70 so it can be concluded that every variable indicators used in study is reliable.

F-Simultaneous Test

F-Statistic test used to explain whether tangibles variable (X1) *Reliability* (X2) *Responsiveness* (X3) *Assurance* (X4) *Empathy* (X5) simultaneously influence to consumer satisfaction (Z) as intervening variable. The result of significant Simultaneous (F test)

Table 1. Result Of (F Test)

F	Sig.
4766.450	.000 ^b

According to the table 1 shows that F count is 4766.450 with significance score 0,000 is smaller than 0,05, so it can be concluded that regression equality made is appropriate becoming estimation instrument and showing that *Tangibles* (X1) *Reliability* (X2) *Responsiveness* (X3) *Assurance* (X4) *Empathy* (X5) impact to consumer satisfaction (Z) as intervening variable. **Regression**

Determination Coefficient Model 1 (R2)

Table2. Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898 ^a	.816	.826	.121

Table 2 shows that score R square Square (R^2) is 0,816 or 81,6%, means that *Tangibles* variable (X1), *Reliability* (X2), *Responsiveness* (X3), *Assurance* (X4), *Empathy* (X5) contributing 81,6% on consumer satisfaction as intervening variable. While reminding 18,4% explained by other factors which excluded in analysis equality.

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Regression Determination Coefficient Model 2 (R²)

Table 3. Coefficient Determinant R²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.959 ^a	.897	.897	.075

On table 3 shows that score R square Square (R²) is 0,897 or 89,7%, means that *Tangibles* variable (X1), *Reliability* (X2), *Responsiveness* (X3), *Assurance* (X4), *Empathy* (X5) contributing 89,7% on consumer loyalty (Y). While reminding 10,3 % explained by other factors which is excluded in analysis equality.

Determination Coefficient Total (R²_m)

$$R^2_m = 1 - P^2_{e1} \times P^2_{e2}$$

$$P^2_{e1} = \sqrt{1 - R^2_1}$$

$$P^2_{e1} = \sqrt{1 - 0,816} = 0,428952$$

$$P^2_{e2} = \sqrt{1 - 0,897} = 0,320936$$

$$R^2_m = 1 - (0,428952 \times 0,320936) = 0,862334 \text{ (86,23 \%)}$$

On Determination Coefficient Total explained that R square total (R_m) is 0,862334 or 86,23% means information in data 86,23% be able to describe by model, whereas the rest 13,77% explained by other factors which are excluded in analysis equality.

Direct Effect Between Tangibles (X1) Reliability (X2) Responsiveness (X3) Assurance (X4) Empathy (X5) Consumer Satisfaction (Z) To Consumer Loyalty (Y) At Franchised Pharmacy.

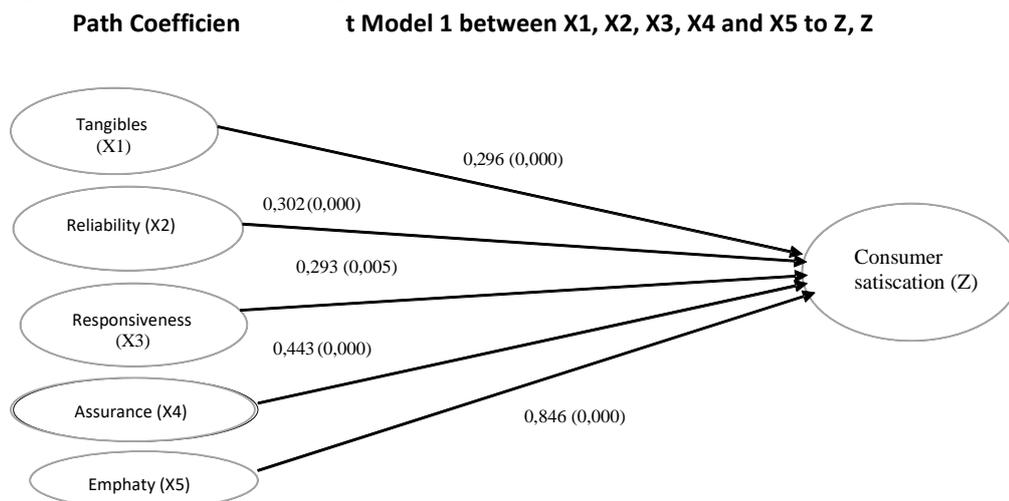


Figure 2. Path Coefficient Model 1

Based on Picture 2 shows that Tangibles (X1), *Reliability* (X2), *Responsiveness*, *Assurance* (X4), *Empathy* (X5) have positive effect and significant to consumer satisfaction (Z). It is showed by significance score for every independent variable is smaller than significant level that expected that is 0,05. In line with research by Kitapci *et al.*, (2014) shows that Tangibles, *Reliability*, *Responsiveness*, *Assurance*, *Empathy* dimension from service quality that reflected from attention and understanding that given to the consumer make positive effect to patient satisfaction in healthcare industry in Turkey.

Direct effect between Tangibles (X1) Reliability (X2) Responsiveness (X3) Assurance (X4) Empathy (X5) Consumer Satisfaction (Z) to consumer loyalty (Y) at Franchised Pharmacy

According to picture 3 explains that Tangibles (X1), *Reliability* (X2), *Assurance* (X4), *Empathy* (X5) have positive effect and significant to consumer loyalty (Y), as long as research Ahmad *et al.*, (2017) that direct effect on every service quality dimension that are Tangibles, *Reliability*, *Responsiveness*, *Assurance*, *Empathy* to consumer loyalty. But *Responsiveness* (X3) has no effect to consumer loyalty (Y). This result showed by significance score 0,588 is bigger than significant level that is 0,05, based on Shi *et al.*, (2014) explains that *Responsiveness* dimension do not contribute to consumer loyalty.

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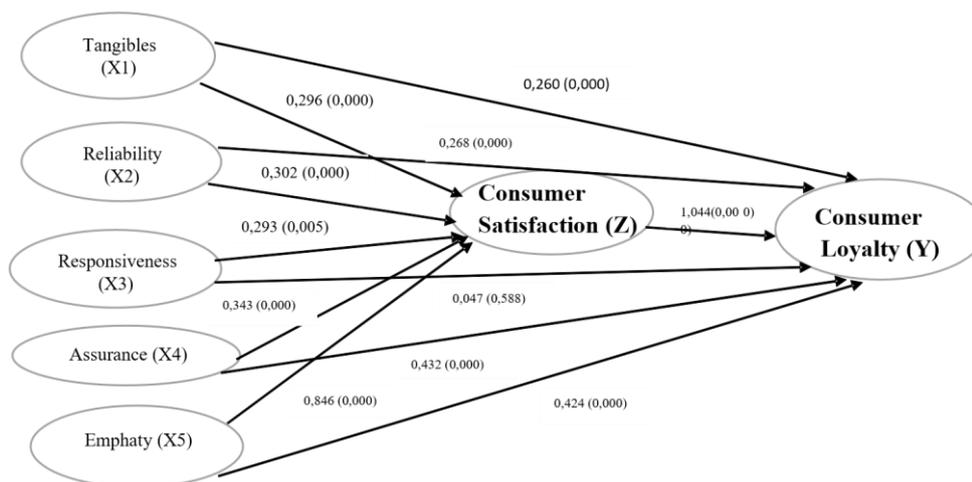


Figure 3. Path Coefficient Model 2

Indirect effect between Tangibles (X1) Reliability (X2) Responsiveness (X3) Assurance (X4) Empathy (X5) to consumer satisfaction (Y) as intervening variable to consumer loyalty

Table 4. Direct effect of Path Coefficient and Indirect effect of Path Coefficient

variable	Direct effect coefficient	Indirect effect coefficient
Tangibles	0,260	0,30902
Reliability	0,268	0,31528
Responsiveness	0,047	0,30589
Assurance	0,432	0,46249
Empathy	0,424	0,88322

Based on table 4 known that indirect effect of path coefficient tangibles variable is 0.30902 is bigger than direct effect of path coefficient that is 0,260, as well as Reliability, Responsiveness, Assurance and Empathy each score is 0.31528, 0.30589, 0.46249, 0.88322. It shows that indirect effect of path coefficient is bigger than direct effect of path coefficient so consumer satisfaction (Z) can become intervening variable. Furthermore, to know what is the relation through mediation variable significantly obtain as mediator so it can use Sobel test.

In this study, indirect effect is calculated by using Sobel Online test so the following result are obtained:

1. The significance of indirect effect of tangibles variable (X1) through consumer satisfaction (Z) towards consumer loyalty (Y) obtained result P – Value= 0,0005. Based on the result of Sobel test obtained significance of 0,0005 < 0,05 (significance used), indirect effect coefficient is 0,30902, it showed that tangibles variable (X1) has positive and significant effect towards consumer loyalty through consumer satisfaction (Z) as intervening variable.
2. The significance of indirect effect of reliability variable (X2) through consumer satisfaction (Z) towards consumer loyalty (Y) obtained result P – Value= 0,0005. Based on the result of Sobel test obtained significance of 0,0005 < 0,05 (significance used), indirect effect coefficient is 0,31528, it showed that reliability variable (X2) has positive and significant effect towards consumer loyalty through consumer satisfaction (Z) as intervening variable.
3. The significance of indirect effect of responsiveness variable (X3) through consumer satisfaction (Z) towards consumer loyalty (Y) obtained result P – Value= 0,00549. Based on the result of Sobel test obtained significance of 0,00549 < 0,05 (significance used), indirect effect coefficient is 0,30589, it explained that responsiveness variable (X3) has positive and significant effect towards consumer loyalty through consumer satisfaction (Z) as intervening variable.
4. The significance of indirect effect of assurance variable (X4) through consumer satisfaction (Z) towards consumer loyalty (Y) obtained result P – Value= 0,000636. Based on the result of Sobel test obtained significance of 0,0006365 < 0,05

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(significance used), indirect effect coefficient is 0,46249, it showed that responsiveness variable (X4) has positive and significant effect towards consumer loyalty through consumer satisfaction (Z) as intervening variable.

5. The significance of indirect effect of *empathy* variable (X5) through consumer satisfaction (Z) towards consumer loyalty (Y) obtained result $P - Value = 0,000675$. Based on the result of Sobel test obtained significance of $0,000675 < 0,05$ (significance used), indirect effect coefficient is 0,88322, it showed that *empathy* variable (X1) has positive and significant effect towards consumer loyalty through consumer satisfaction (Z) as intervening variable.

V. CONCLUSIONS

Based on the results of research and analysis, it can be concluded that Tangibles, Reliability, Responsiveness, Assurance, Empathy have positive and significant influence on consumer satisfaction. Tangibles, Reliability, Assurance, Empathy and consumer satisfaction have a significant and positive influence on consumer loyalty, but Responsiveness does not have an influence on consumer loyalty. Those Tangibles, Reliability, Responsiveness, Assurance, Empathy have a positive and significant influence on consumer loyalty pass through the variable consumer satisfaction as an intervening variable.

VI. RESEARCH LIMITATIONS

In this study, the subject of research that used a limited number of 200 respondents, so that it cannot be generalized to a large number of subject groups. If using the same questionnaire instrument, it is expected to take a sample according to the number of questions multiplied by five for minimum sample and multiplied by ten for the maximum sample. The concept was exerted in this study only using variables that were estimated possessing a correlation with the dependent variable, so that they are possible still exiting other variables which relating to independent variable. It is expected that further research could increase other variables that have not been included in the model. The field of this study is only in the scope of franchised pharmacies in the City of Surabaya using ten samples of them.

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