ANALYSIS OF THE INFLUENCE OF PRODUCT QUALITY AND SERVICE QUALITY ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION AT STATE-OWNED BANKS OF SINJAI BRANCH

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ABSTRACT
This study aims to determine the effect of product quality on customer satisfaction, service quality on customer satisfaction, customer satisfaction on customer loyalty, product quality on customer loyalty, service quality on customer loyalty, product quality on customer loyalty through customer satisfaction, service quality on customer loyalty through customer satisfaction. This research includes a quantitative descriptive study with conclusions through statistical analysis. Population in this study were customers of State-Owned Banks of Sinjai Branch. The samples were taken as many as 100 customers based on the Slovin formula with proportional stratified random sampling technique. Data was collected through questionnaires and documentation and analyzed through validity, reliability, classic assumption test, path analysis and sobel test. The results of the analysis obtain a regression line equation: Z = 2.443 + 0.972X1 + 0.072X2 and Y = -0.3395 + 0.505X1 + 0.085X2 + 0.596Z. The equation shows that customer loyalty is influenced by product quality and service quality through customer satisfaction. The results showed that product quality has a positive and significant effect on customer satisfaction, service quality has a positive and significant effect on customer satisfaction, customer satisfaction has a positive and significant effect on customer loyalty, product quality has a positive effect and there are significant customer loyalties, service quality has a positive and significant effect on customer loyalty, product quality has a positive and significant effect on customer loyalty if through customer satisfaction. Customer loyalty through through customer satisfaction at state-owned banks Sinjai Branch.

Keywords: product quality, service quality, customer satisfaction, customer loyalty

INTRODUCTION
As a service of banking and non-bank financial institutions in general, from year to year is increasingly becoming the concern of the wider community. This can be seen from the intense competition in services, products and promotions offered by various financial institutions and the attractiveness of the large and promising financial services business. This can be seen from the number of financial institutions, both banks and non-banks, which are involved in the business.

Banking institutions are the core of a country's financial system. The banking industry is one industry in the service sector that collects funds from the public and channels it back to the community in the form of credit. The banking industry in marketing its services strive to provide the maximum service possible by providing product differentiation and good service quality so that it can position itself as a bank that has more value than its competitors.
Customer loyalty is the hope for every company, especially service companies such as banking. High customer loyalty, indicates the success of a company. Loyalty according to Oliver in Hurriya ni (2015: 129) is a commitment of customers to stay in depth to re-subscribe or re-buy selected products/services consistently in the future. This opinion is in line with research Porral & Lang (2015) which proves that customers who are loyal to a product, will intend to repurchase the product at a later date. Indirectly, customer loyalty can increase the competitiveness of a company. Seeing the role of customer loyalty is crucial for the company, many experts have done a rise in customer loyalty, where customer loyalty makes an important contribution to the company (He & Lai, 2014; Martinez et al., 2014; Lee & Lee, 2013).

Customer satisfaction is a major factor in forming customer loyalty. Experts have proven that customer satisfaction has a positive influence on customer loyalty (Haumann et al., 2014; Bejou, 2013; Ringle et al., 2011). Satisfied customers will buy the products offered and influence other potential customers to buy products and services from a company (Pollack, 2014). In line with the research of Bunker et al. (2013) which proves that satisfied customers will suggest/say positively about the company to others/word of mouth (WOM). According to Kotler in the book Suyanto (2015: 35) defines customer satisfaction is the level of one's feelings after comparing (performance or results) perceived with expectations. The level of customer satisfaction can be seen from the results/performance obtained, if the performance is below expectations, consumers will feel disappointed, and if performance is in line with expectations, consumers will feel satisfied and if performance can exceed expectations, then consumers will feel very satisfied.

To form customer satisfaction and loyalty, the charging industry must pay attention to product quality and the quality of services provided so as to meet the needs of customers or customers. According to Zeithaml and Binter (2018: 48) Service quality is the expected level of excellence and control over the level of excellence is to meet customer desires. There are two factors that affect service quality, namely customer perception of the real service they receive (Perceived Service) and the actual service that is expected or desired (Expected Service).

This is in line with the research conducted by Pramana and Rastini (2016), the results of his research revealed that service quality variables positively affect customer loyalty at Bank Mandiri, Veteran Branch, Denpasar-Bali. This is reinforced by research by Putu (2014) with the results of his research showing that service quality has a positive and significant effect on customer loyalty.

In addition to service quality, product quality also affects customer satisfaction and loyalty. According to Piye in Hidayat (2009) defining product quality is a form with complex satisfaction values. The customer buys banking services to solve the problem and the customer gives a value in proportion to the service's ability to do so. The value given by the customer is related to the benefits or benefits to be received. The quality of banking products is obtained by finding the overall expectations of customers, increasing the value of products or services in order to meet the expectations of these customers.

LITERATURE REVIEW

Product quality is the ability of a product to carry out its functions, including durability, reliability, accuracy, ease of operation, and repair and other valuable attributes. Product quality has two dimensions, namely level and consistency. Good quality according to the manufacturer is when the product produced by the company is in accordance with the specifications determined by the company. Meanwhile, poor quality is when the product produced does not comply with the predetermined standard specifications and results in damaged products (Kotler & Armstrong, 2012). Meanwhile, according to Boetsh and Denis
cited by Tjiptono (2014: 57). Quality is a dynamic condition related to products, services, people, processes and the environment that meet or exceed expectations. The opinion above can mean that how much quality is provided in relation to the product and the supporting factors that meet the expectations of its users. It can be interpreted that the more it meets consumer expectations, the better quality the product.

**Service quality**

Wyckof in Tjiptono (2014: 260) states that service quality is the level of excellence that is expected and control over these excellences to fulfill customer desires. Quality of service is centered on efforts to fulfill needs and wishes as well as the accuracy of its delivery to match customer expectations. In good service quality, there are several types of service criteria, including the following:

1. Timeliness of service, including waiting time during transactions and payment processing.
2. Service accuracy, namely minimizing errors in services and transactions.
3. Courtesy and hospitality when providing services.
4. Ease of getting services, namely the availability of human resources to help serve consumers, as well as supporting facilities such as computers to find the availability of a product.
5. Consumer comfort, such as location, parking area, comfortable waiting room, cleanliness aspects, information availability, and so on.

Zeithaml and Binter (2018) argue that consumer satisfaction is influenced by the quality of service provided by a company. There are five dimensions of service quality, namely tangible, reliability, responsiveness, assurance, and empathy (p. 89-91)

1. **Tangibles (direct evidence)**
   
   Tangibles include the appearance of physical facilities such as buildings and room layouts, availability of parking lots, cleanliness, tidiness and comfort of rooms, completeness of communication equipment, and employee appearance.

2. **Reliability (Reliability)**
   
   Reliability is the ability to provide services as promised. Promised services such as providing accurate information, helping to solve problems, and providing reliable service.

3. **Responsiveness (Responsiveness)**
   
   Responsiveness, namely the willingness of employees to help consumers and provide fast and responsive service, which includes readiness in serving consumers, speed of handling transactions, and handling consumer complaints.

4. **Assurance (Guarantee)**
   
   Assurance includes employee knowledge of the right product, quality of hospitality, attention and courtesy in providing services, skills in providing information, ability to provide security, and ability to instill consumer confidence in the company.

5. **Emphaty (Empathy)**
   
   Emphaty is the individual attention the company gives to consumers such as the ease of contacting the company, courtesy and friendliness of employees in communicating with consumers, employee sensitivity in accepting complaints and the company's efforts to understand the wants and needs of its consumers.

**Customer Satisfaction**

Zeithaml and Bitner (2018: 79) satisfaction is the response or response of consumers regarding meeting needs. Satisfaction is an assessment of the characteristics or features of a product or service, or the product itself, which provides a level of consumer pleasure related to meeting consumer consumption needs. Meanwhile, according to Zulian Yamit (2013: 78) "Consumer satisfaction is an after-purchase evaluation or evaluation results after comparing
what is felt with expectations”. In the concept of customer satisfaction, there are two elements that influence, namely expectations and performance.

Zheithaml and Bitner (2018: 81-83) there are several factors that affect customer satisfaction, including: 1) Product and service features; 2) Customer emotions; 3) Attribution for service success or failure; 4) Perceptions of fairness and fairness (equity and fairness); 5) Other customers, family and coworkers.

Kotler in Lupioadi (2014), there are several factors that affect customer satisfaction, including:
1. Product quality. Customers will feel satisfied when their evaluation results show that the products they use are of good quality.
2. Quality of service. Especially for the service industry. Customers will feel satisfied when they get good service or what is expected.
3. Emotional. Customers will feel proud and get the confidence that other people will be amazed at him when using a product with a certain brand that tends to have a higher level of satisfaction. The satisfaction obtained is not due to the quality of the product but social value or self-esteem which makes customers satisfied with certain brands.
4. Price. Products that have the same quality but charge a relatively low price will provide higher value to their customers.
5. Costs. Customers who do not incur additional costs or do not need to waste time getting a product or service tend to be satisfied with that product or service.

Basically, customer satisfaction and dissatisfaction with the product will have an effect on subsequent behavior patterns (Ilyas, Rahmi, Tamsah, Munir, & Putra, 2020). This is shown by customers after the purchase process (postpurchase action). If the customer is satisfied, then he will indicate the possibility of returning. Satisfied customers are also likely to provide good references for products and services to others. Not so with dissatisfied customers. Dissatisfied customers can take action to return the product, or in an extreme way can file a lawsuit against the company through a lawyer.

According to Hidayat and Sujatmiko (2019), the key to retaining customers is customer satisfaction. Consumer satisfaction indicators can be seen from:
1) Overall Satisfaction: It is the result of evaluation and experience of current consumption stemming from habits, constraints, and service standardization
2) Confirmation of expectation: The level of conformity between the level of perceived satisfaction and customer expectations
3) Confirmation of ideal: Product performance compared to ideal conditions according to customer perceptions

According to Kamsir (2014: 264) Customer satisfaction that will be given by the bank will have a very broad impact on increasing bank profits. In other words, if the customer is satisfied with the purchase of bank services, the customer will be loyal to the bank, repeat the purchase of the product, buy another product in the same form, give free promotion from word of mouth.

Customer Loyalty

Hurriyati (2015: 129) defines that "Customer loyalty is the commitment of customers to persist deeply to re-subscribe or to repurchase products or services consistently in the future". On the other hand, consumers who can hang their hopes on a product will cause consumers to be loyal to one particular product (Qalby, Munir, & Jusni, 2018). This shows that consumer loyalty is influenced by satisfaction and trust in a product.

Hasan (2009) argues that there are several benefits of customer loyalty for the company, namely:
1. Reducing Marketing Costs
2. Trade Leverage
3. Cumulative Value of Sustainable Business
4. Word of Mouth Communication.

Indicators of customer loyalty according to Griffin in Darmawati (2016) say that customer loyalty can be seen from the following behavior, namely:
1. Transaction Habits: How often customers make transactions
2. Repurchase: the customer's willingness to make transactions by utilizing various other services provided by the operator
3. Recommendations: customers who provide recommendations to invite others to use or make purchases on the product.
4. Commitment: the willingness of customers to continue to take advantage of the services provided by operators in the future and not to stop as customers.

RESEARCH METHODS

This research is a quantitative descriptive study conducted in several State-Owned Banks of Sinjai Branch. The population in this study is customers at the Sinjai branch of a state-owned bank that has accounts and has active transactions for at least 3 years. The sample in this study were 100 customers obtained from the Solvin formula (480.938 / 1 + 480.938 x 0.10^2 = 100). Sampling from each bank using the propositional stratified random sampling method. The technique in collecting data in this study uses several methods, namely using questionnaires and documentation methods. Data were analyzed with validity test, reliability test, classic assumption test, path analysis and sobel test.

RESULTS

Based on statistical calculations, the results show that there is an influence between product quality variables, service quality on customer loyalty through customer satisfaction can be explained in the table below:

t-test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Customer Satisfaction</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T</td>
<td>Sig</td>
</tr>
<tr>
<td>Product Quality</td>
<td>8.023</td>
<td>.000</td>
</tr>
<tr>
<td>Service Quality</td>
<td>2.189</td>
<td>.031</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Data processed using SPSS 24 (2020)

Based on table 1, partial test results can be seen that the influence of product quality on customer satisfaction has a significant effect with a significant value of 0.000 <0.05. Similarly, service quality has a significant effect on customer satisfaction with a significant value of 0.031, customer satisfaction has a significant effect on customer loyalty with a significant value of 0.008, product quality has a significant effect on customer loyalty with a significant value of 0.036, and service quality has an influence which is significant to customer loyalty with a significant value of 0.000.
f-test

Table 2. F Test Results (Simultaneous Test) on Equation Regression 1 and 2

<table>
<thead>
<tr>
<th>Variabel Relationship</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality and Service Quality to Customer Satisfaction (Equation 1)</td>
<td>70.311</td>
<td>0.000</td>
</tr>
<tr>
<td>Customer Satisfaction, Product Quality and Service Quality to Customer Loyalty (Equation 2)</td>
<td>57.729</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Data processed using SPSS 24 (2020)

Based on table 2 can be seen the results of the F test in regression equation 1 has a value of 70.311 with a significant 0.000, which means that the model used is feasible in explaining the variables X1 and X2 to the variable Z. While the F test with a value of 57.729 in equation 2 with a significant value of 0.000, feasible in explaining variables X1, X2 and Z to Y Variables.

Determination Coefficient (Adjusted R Square)

Table 3. Determination Coefficient Regression Equations 1 and 2

<table>
<thead>
<tr>
<th>Relationship Variables</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality and Service Quality to Customer Satisfaction (Equation 1)</td>
<td>0.592</td>
</tr>
<tr>
<td>Customer Satisfaction, Product Quality and Service Quality to Customer Loyalty (Equation 2)</td>
<td>0.632</td>
</tr>
</tbody>
</table>

Source: Data processed using SPSS 24 (2020)

Based on the calculation of the coefficient of determination obtained R2 value for equation 1 of 0.592, which means the product quality and service quality variables are able to explain customer satisfaction variables. While the value for Equation 2 is 0.632, which means that customer satisfaction, product quality and service quality variables can explain customer loyalty variables.

Direct Effect, Indirect and Total Effect

Table 4. Direct, Indirect Effects and Total Effects of Equations 1 and 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>Customer Satisfaction</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PL</td>
<td>PTL</td>
</tr>
<tr>
<td>Product Quality</td>
<td>0.650</td>
<td>-</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.177</td>
<td>-</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Data processed using SPSS 24 (2020)

The influence of product quality on customer satisfaction has a direct influence with a value of 0.650 and does not have an indirect effect, while the total effect is 0.650. The relationship between service quality and customer satisfaction has a direct influence value of 0.177 without having an indirect effect, with a total effect of 0.177. The relationship between customer satisfaction and customer loyalty has a direct influence of 0.467 and has no indirect effect, while the total effect of 0.476. The relationship of product quality to customer loyalty has a direct influence of 0.265, and an indirect effect of 0.304, with a total
effect of 0.569. Whereas the influence of service quality on customer loyalty has a direct influence with a value of 0.165, with an indirect effect of 0.083, while the total effect is 0.248.

**Hypothesis Test**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coefficient</th>
<th>Significant</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1-Z</td>
<td>0.650</td>
<td>0.000</td>
<td>+ / signifikan</td>
</tr>
<tr>
<td>X2-Z</td>
<td>0.177</td>
<td>0.031</td>
<td>+ / signifikan</td>
</tr>
<tr>
<td>Z-Y</td>
<td>0.467</td>
<td>0.000</td>
<td>+ / signifikan</td>
</tr>
<tr>
<td>X1-Y</td>
<td>0.265</td>
<td>0.008</td>
<td>+ / signifikan</td>
</tr>
<tr>
<td>X2-Y</td>
<td>0.165</td>
<td>0.036</td>
<td>+ / signifikan</td>
</tr>
<tr>
<td>X1-Y-Z</td>
<td>0.304</td>
<td>0.001</td>
<td>Mediation</td>
</tr>
<tr>
<td>X1-Y-Z</td>
<td>0.083</td>
<td>0.001</td>
<td>Mediation</td>
</tr>
</tbody>
</table>

*Source: Data processed using SPSS 24 (2020)*

**Discussion**

The Influence of Product Quality on Customer Satisfaction at State-Owned Banks of Sinjai Branch.

Based on the results of research that has been done before, it proves that the first hypothesis is proposed where product quality has a positive and significant effect on customer satisfaction, which means that the quality of the products offered by banks has given satisfaction to its customers. This is in line with research conducted by Munisih & Soliha (2015) which shows that product quality has a positive and significant effect on customer satisfaction, where product quality increases, customer satisfaction will also increase.

The Influence of Service Quality on Customer Satisfaction at State-Owned Banks of Sinjai Branch.

From the results of research that has been done prove that the second hypothesis is proposed where the quality of service has a positive and significant effect on customer satisfaction. This implies that the quality of services provided by the bank has provided convenience and comfort for customers, so that customers feel satisfied. This study is in line with research conducted by Agung & Soliha (2014) which shows that service quality has an effect on satisfaction. If the service received or felt by the customer matches or even exceeds the customer's expectation, then the service is considered of quality and satisfactory. Yulianti (2013) and Nursina (2015) also show the same thing that service quality has a significant effect on customer satisfaction.

The Influence of Customer Satisfaction on Customer Loyalty at State-Owned Banks of Sinjai Branch.

Based on the results of testing with the help of SPSS it can be seen that the third hypothesis proves that customer satisfaction has a positive and significant effect on customer loyalty. This indicates that if the customer is satisfied with what has been provided by the bank, then the customer will become loyal and will return to use the services and products offered by the bank. This research is in line with research conducted by Agung & Soliha (2014), Munisih & Soliha (2015), and Rahmat, Abdul, et al (2020) showing that customer satisfaction has a positive and significant effect on loyalty. Likewise, research conducted by
Hidayat (2009) states from the results of his research at Bank Mandiri that customer satisfaction has a positive effect on customer loyalty.

**Effect of Product Quality on Customer Loyalty at State-Owned Banks of Sinjai Branch.**

A good quality banking product will provide satisfaction for its customers which in turn will have an impact on customer loyalty. This suggests that the fourth hypothesis proposed can prove that product quality has a positive and significant effect on customer loyalty. This is consistent with the research conducted by Nurullaili (2013) which states that product quality has a significant effect on customer loyalty. Another research conducted by Shanaz (2016) states that there is a relationship between product quality and customer loyalty.

**The Influence of Service Quality on Customer Loyalty at State-Owned Banks of Sinjai Branch.**

Based on the results of tests that have been done previously, the fifth hypothesis is proposed where service quality has a positive and significant effect on customer loyalty. This means that the better the service received and in accordance with customer expectations, the customer will feel satisfied and will have a long-term impact on customer loyalty in the future. This research is in line with research conducted by Gautama (2012: 7) which states that service quality affects customer loyalty, thereby increasing the number of existing customers. Another study conducted by Aryani & Rosinta (2011) shows a strong and positive influence between service quality and loyalty.

**The Influence of Product Quality on Customer Loyalty through Customer Satisfaction at State-Owned Banks of Sinjai Branch.**

Based on the results of online Sobel test calculations, it was found that customer satisfaction can mediate product quality to customer loyalty at State-Owned Banks of Sinjai Branch. Empirically found that good product quality in accordance with customer expectations will create a sense of satisfaction with customers, satisfaction will result in customers will continue to buy the products offered (loyal). So the relationship between product quality and customer satisfaction and loyalty has a very close relationship. This illustrates that the higher the quality of products produced by a company, the more customer/customer loyalty will be increased (Sembiring, 2014: 5).

**The Influence of Service Quality on Customer Loyalty through Customer Satisfaction at State-Owned Banks of Sinjai Branch.**

From the results of the calculation of the Sobel Test conducted online, it is found that customer satisfaction can mediate the effect of service quality on customer loyalty at Sinjai Branch State-Owned Commercial Bank. This can be interpreted that if the Sinjai Branch State-Owned Commercial Bank provides maximum service in its services it will provide satisfaction and added value to customers as a whole, so that it will also have an impact on customer loyalty. This is in accordance with research conducted by Starini (2013) which states that the effect of service quality on customer loyalty with satisfaction as a mediating variable has a positive and significant effect. Another study by Malik (2012) also shows the same results, namely customer satisfaction has a positive and significant effect in mediating the effect of service quality on customer loyalty.

**Conclusion**

1. Product quality has a significant and positive effect on consumer satisfaction at State-Owned Banks of Sinjai Branch.
2. The quality of service has a significant and positive effect on customer satisfaction at State-Owned Banks of Sinjai Branch.
3. Consumer satisfaction has a significant and positive effect on customer loyalty at the Sinjai Bank BUMN Branch.
4. Product quality has a significant and positive effect on customer loyalty at State-Owned Banks of Sinjai Branch.
5. Service quality has a significant and positive effect on customer loyalty at State-Owned Banks of Sinjai Branch.
6. Product quality has a significant and positive effect on loyalty through consumer satisfaction at State-Owned Banks of Sinjai Branch.
7. Service quality has a significant and positive effect on loyalty through consumer satisfaction at State-Owned Banks of Sinjai Branch.

REFERENCES


