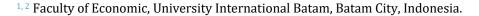
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THE EFFECT OF CUSTOMER LOYALTY ON FAST FOOD RESTAURANTS IN BATAM

Golan Hasan ¹ D, Kiki Nadila ²







ABSTRACT

This study aims to analyze the influence of Service, Price, Quality and Brand Image by mediating Trust on Customer Loyalty. In accordance with the requirements, it is known that the visiting population is 1.1 million people, so based on Krejcie and Morgan's tables, the number of samples that must be needed is 384 respondents. The data used in this study were 384 respondents. The results obtained from the Partial Least Square (PLS) approach for data analysis say that the Service variable has a significant effect on Trust, as well as the Price, Quality, and Brand Image variables which also have a significant effect on Trust. and then it also has a significant effect on the perceived value variable on Customer Loyalty, as well as the Quality variable with Brand Image which also has a significant effect on Customer Loyalty.

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Keywords: Service, Price, Quality, Brand Image, Trust, Costumer Loyalty

1. INTRODUCTION

In 2014, fast food chains in Indonesia, there were KFC (Kentucy Fried Chicken) and McDonald's followed by Es Teler 77, A & W, and others. It can be seen here, consumers, especially young people in developing markets, prefer a lifestyle that is supported by convenient and practical technology, which makes young people nowadays very often go to fast food restaurants. This finding was found in Indonesia as one of the largest markets for the food service industry in ASEAN with a trend in the use of delivery service applications and the Indonesian Ministry of Communication and Information said that the generation or young people in Indonesia are consumers and, in this way, can show opportunities for the development of e-commerce in Indonesia. Indonesia, from the many fast-food restaurants that enter Indonesia, it is certain that a competition has formed among all fast-food restaurants in Indonesia. Namin (2017).

As can be seen, especially in Batam, Indonesia. There have been a lot of fast-food restaurants that have entered Batam which are familiar to residents in Batam. Such as, KFC (Kentucy Fried Chicken), McDonald's, A&W, Richesse, and Burger King. With so many fast-food restaurants in Batam, there are also various types of services that can be provided to their customers, as explained above, that these fast-food restaurants provide drivethru services, delivery services, and so on. etc., this is done as one of the strategies used to be able to compete with its competitors, so as to provide comfort and satisfaction to its customers. At this time one of the fast-food restaurants that is well known by every community in the city of Batam is the KFC restaurant, this fast-food restaurant is one of the fast

food restaurants in Batam which has the most outlets in Riau Islands Province and also in Batam City. Slack et al. (2021)

Talking about customer loyalty, how does this fast-food restaurant in Batam maintain or create customer loyalty to its customers. In this case, of course, there are factors that influence the existence of customer loyalty. One of them is in terms of service provided by fast food restaurants to their customers, which can provide satisfaction and comfort that can make customers loyal to the restaurant and the products and services provided. However, there are also several other factors that can affect customer loyalty to fast food restaurants in Batam, namely in terms of the price offered, the quality of goods and services that can be provided to customers and also the brand image of the fast-food restaurants that make customers have a sense of trust in the products and services of the fast-food restaurant. With this trust, the emergence of what is called customer loyalty. So, with this customer loyalty, the fast-food restaurants in Batam city can maintain the stability of the restaurant business process and can generate large profits. Due to this customer loyalty, customers who already believe and are loyal to the products and services at the fast-food restaurant will continue to subscribe to the restaurant and not to other fast-food restaurants. Therefore, customer loyalty is one of the most important things in maintaining stability or improvement that can be generated by fast food restaurants in Batam. Limakrisna and Ali (2016)

2. LITERATURE REVIEW 2.1. SERVICE ON TRUST

Kundu (2018) stated that the effect of Service on Trust has a result that states it has a significant effect. This statement is also supported by Christoph et al. (2014). which also has research results showing that Service has a significant effect on Trust. Research conducted by Halim et al. (2014) The statement states that Service can make consumers feel that they are gain more Trust.

H1: Service has a significant positive effect on Trust

2.2. QUALITY WITH TRUST

Zhou (2012) stated that the effect of Quality on Trust has a result that states it has a significant effect. This statement is also supported by Kura (2011) with the results of his that Quality has a significant effect on Trust. The research conducted Zhou (2011), states that Quality has a significant effect on the consumers Trust.

H2: Quality has a significant positive effect on Trust

2.3. PRICE WITH TRUST

Suhaily and Darmoyo (2017) stated that the influence of Price on Trust has results which state that it has a significant effect. This statement is also supported by Kim et al. (2011), who also have research results showing that Price has a significant effect on Trust. The research conducted by Setiawan et al. (2020), states that consumer Price creates a Trust by consumers.

H3: Price has a significant positive effect on Trust

2.4. BRAND IMAGE WITH TRUST

Halim et al. (2014) said that the relationship between Brand Image and Trust had a result which stated that it had a significant effect. This statement is also

supported by Lien et al. (2015) which also has research results showing that the Brand Image of a product has a significant effect on the Trust received by consumers. The research conducted by Alif Fianto et al. (2014) states that the right Brand Image can make consumers feel that they get more Trust.

H4: Brand Image has a significant positive effect on Trust

2.5. TRUST TO CUSTOMER LOYALTY

Anwar et al. (2015) states that the Trust by consumers has a significant effect on consumers' Costumer Loyalty. This statement is also supported by Liu et al. (2011) who also have research results showing that Trust has a significant effect on Costumer Loyalty. The research conducted by Chinomona and Sandada (2013) states that the Trust received by consumers will be a factor that influences their Costumer Loyalty.

H5: Trust has a significant positive effect on Customer Loyalty

2.6. SERVICE WITH CUSTOMER LOYALTY

Woisetschläger et al. (2011) stated that the Service perceived by consumers had an effect on Costumer Loyalty. This statement is also supported by Zena and Hadisumarto (2013) which also has research results showing that Service has a significant effect on Costumer Loyalty. The research conducted by Lee (2013) states that Service is one of the factors that influence customer Loyalty.

H6: Service has a significant positive effect on Customer Loyalty

2.7. BRAND IMAGE WITH CUSTOMER LOYALTY

Sirapracha and Tocquer (2012) stated that the influence of Brand Image on Customer Loyalty has a result which states that it has a significant effect. This statement is also supported by Anwar et al.(2015) which also has research results showing that Brand Image has a significant effect on Customer Loyalty. The research conducted by Ogba and Tan (2009) states that Brand Image is one of the factors that significantly influences Customer Loyalty

H7: Brand Image has a significant positive effect on Customer Loyalty

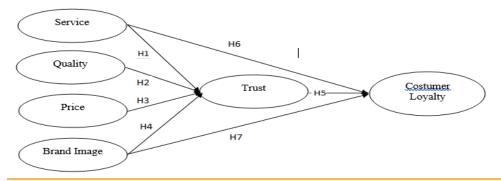


Figure 1 Effect of Service, Quality, Price, Brand Image, and Trust on Customer Loyalty

3. RESEARCH METHODS

This research methodology uses sample data collection techniques carried out through surveys by utilizing digital in the form of questionnaires distributed online to get responses from respondents who are residents of Batam City, totalling 1.1

million people, which is then based on Krejcie and Morgan tables, samples or respondents which must be accepted as many as 384 respondents. Then the data generated from 384 respondents was processed through the PLS approach for data analysis. The objects taken in the survey are fast food restaurants with the brands KFC, McDonald's, A&W, Richesee Factory, and Burger King. In an effective data collection process, namely through the distribution of questionnaires to respondents to find out the response of the target respondents to find out data about fast food restaurants chosen by the people of Batam City.

4. RESULT AND DISCUSSION

The demographic data below are obtained from the results of distributing online questionnaires to 384 respondents from the Batam City community through the distribution of online links.

Table 1 Characteristic of Respondent		
Variable	Amount	Percent
Gender		
Male	256	66,7
Female	128	33,3
Age		
17-25 Years	346	90
26-35 Years	38	10
Education		
High School	369	96,2
bachlor's degree	13	3,4
Master's degree	1	0,2
Doctor's degree	1	0.2
Income per Month		
Below Rp. 4.000.000	25	6,5
Rp. 4.000.000 - Rp. 6.000.000	330	85,9
Rp. 6.500.000 - Rp. 8.500.000	25	6,5
Above Rp. 8.500.000	4	1,1
Favourite Fast Food Restaurant Brand		
KFC	160	41,6
MC' Donald's	158	41,2
A&W	30	7,8
Burger King	26	6,8
Richesee Factory	10	2,6

Source: Primary Data Processed (2022)

based on the results of the data collected, the conclusions from the results of the table above are as follows:

- 1) The result of the majority of Male respondent were 256 respondent (66.7%).
- 2) The result of the majority of respondent age 17 25 Years were 346 respondent (90%).
- 3) The result of the majority of high school education respondent were 369 respondent (96.2%).

- 4) The result of the majority of respondent who earn Rp. 4.000.000 Rp. 6.000.000 per month were 330 respondent (85.9%).
- 5) The result of the majority of KFC that was respondent favourite Fast Food Restaurant Brand were 160 respondent (41.6%).

the number of questions distributed through questionnaires is data obtained from previous research, all variables have 4 questions Sumi and Kabir (2018), Because there are 6 variables, a total of 24 questions are formed Jalilvand et al. (2011).

5. CMB TEST (COMMON METHOD BIASES)

From the analysis of the SPSS 24.0 program, the result of the variance value is 46% which means the result is less than 50%, it means that there is no common method bias in this research.

6. VALIDITY AND RELIABILITY TEST

in testing the data in this study using the PLS system which can test the validity and reliability data which can be determined from the outer loading value of each indicator whose value exceeds 0.6. then validity can also be determined through the value of Average Variance Extracted (AVE) which must show the value of each variable that exceeds 0.5. then the results will be declared significant if the results of the processed data show a t-statistic value more than 1.96 or a P-value below 0.05.

Table 2 Summary of Validity Test Result			
Variable	Indicator	Loadings	AVE
Brand Image	B 1	0.912	0.717
	B 2	0.747	
	B 3	0.927	
	B 4	0.786	
Customer Loyalty	CL1	0.721	0.724
	CL2	0.944	
	CL3	0.773	
	CL4	0.941	
Price	P1	0.912	0.619
	P2	0.805	
	Р3	0.934	
	P4	0.350	
Quality	Q1	0.715	0.520
	Q2	0.848	
	Q3	0.884	
	Q4	0.262	
Service	S1	0.126	0.516
	S2	0.829	
	S3	0.845	
	S4	0.814	
Trust	T1	0.113	0.545
	Т2	0.833	
	Т3	0.843	

T4 0.873

Source: Primary Data Processed (2022)

In the Cronbach's Alpha test if the test results show a value above 0.05 then the data can be declared reliable and if Composite Reliability shows results that have a value that exceeds 0.7, then the data table can be declared reliable.

Table 3 Reliability Test Result			
Variable	Composite Reliability	Cronbach's Alpha	
Brand Image	0.909	0.865	
Customer Loyalty	0.912	0.870	
Price	0.855	0.767	
Quality	0.793	0.648	
Service	0.778	0.625	
Trust	0.796	0.658	

Source: Primary Data Processed (2022)

based on the results above, shows the results of reliability and can it is said that all questions have a composite reliability above 0.7 so that declared reliable.

7. INNER MODEL TEST (STRUCTURAL MODEL) 7.1. PATH COEFFICIENT TEST

A relationship can be said to be significant with a significance level of 5%, if it has P-values below 0.05 or T-statistics more than 1.96. This test uses the path coefficient test and specific indirect effects.

Table 4 Summary of Path Coefficients Test Result			
Variable	T-Statistic	P-Value	Explanation
Brand Image-> Customer Loyalty	2.469	0.014	Significant
Brand Image-> Trust	2.767	0.006	Significant
Price-> Trust	3.836	0.000	Significant
Quality-> Trust	3.744	0.000	Significant
Service-> Customer Loyalty	2.740	0.009	Significant
Service-> Trust	3.760	0.000	Significant
Trust-> Customer Loyalty	2.602	0.010	Significant

Source: Primary Data Processed (2022)

Hypothesis 1

H1: Service Affects Trust

The direct influence test result in the table above show the Service variable The Trust has a significant effect as seen from the tstatistics value of 3.760 and with a P-Value of 0.000. Kundu (2018) and Lien et al. (2015).

Hypothesis 2

H2: Quality Affects Trust

The direct influence test result in the table above show the Quality variable The Trust has a significant effect as seen from the tstatistics value of 3.744 and with a P-Value of 0.000. Zhou (2012) and Zhou (2011).

Hypothesis 3

H3: Price Affects Trust

The direct influence test result in the table above show the Price variable The Trust has a significant effect as seen from the tstatistics value of 3.836 and with a P-Value of 0.000. Kim et al. (2011) and Setiawan et al. (2020).

Hypothesis 4

H4: Brand Image Affects Trust

The direct influence test result in the table above show the Brand Image variable The Trust has a significant effect as seen from the tstatistics value of 2.767 and with a P-Value of 0.006. Alif Fianto et al. (2014) and Halim et al. (2014).

Hypothesis 5

H5: Trust Affects Customer Loyalty

The direct influence test result t in the table above show the Trust variable The Costumer Loyalty has a significant effect as seen from the tstatistics value of 2.602 and with a P-Value of 0.010. Liu et al. (2011) and Anwar et al. (2015).

Hypothesis 6

H6: Service Affects Customer Loyalty

The direct influence test result in the table above show the Service variable The Costumer Loyalty has a significant effect as seen from the tstatistics value of 2.740 and with a P-Value of 0.009. Woisetschläger et al. (2011) and Zena and Hadisumarto (2013).

Hypothesis 7

H7: Brand Image Affects Customer Loyalty

The direct influence test result in the table above show the Brand Image variable The Costumer Loyalty has a significant effect as seen from the tstatistics value of 2.469 and with a P-Value of 0.014. Ogba and Tan (2009) and Sirapracha and Tocquer (2012).

Table 5 Indirect Effect Test Result			
Variable	T- statistic	P- Value	Explanation
Brand Image-> customer Loyalty	2.469	0.014	Significant
Price -> customer Loyalty	3.086	0.002	Significant
Quality-> customer Loyalty	2.753	0.006	Significant
Service-> customer Loyalty	2.620	0.009	Significant
Source: Primary Data Processed (2022)			

the Brand Image variable has an indirect effect on Customer Loyalty showing a tstatistic value of 2.469 and a p-value of 0.014, so it can be stated that it has significant effect, as well as the Price variable that has an indirect effect on Customer Loyalty which shows the results of the t-statistic value of 3.086 and also the p-value of 0.002 which can be stated to have significant effect. However, the Quality variable that indirectly affects Customer Loyalty shows the results of a t-statistic value of 2.753 and a p-value of 0.006 which can be stated that the two variables have a significant effect, as well as the Service variable which has an indirect effect on Customer Loyalty which shows the results of the T-statistic value of 2.620 and the p-value of 0.009 which can be stated that the two variables have a significant effect.

8. R SQUARE TEST

This test has the aim of testing the relationship between independent variable, mediating variable and dependent variable. Seen in the table 6 results from each variable.

Table 6 R Aquare Adjusted		
Variable R Square Adjusted		
Customer Loyalty	0.938	
Trust 0.981		
Source: Primary Data Processed (2022)		

9. QUALITY INDEX TEST

At the GoF testing stage where it can be done through the GoF calculation formula, namely by taking the average value of AVE which is then multiplied by the average r value of R-square, = 0.607×0.959 resulting in 0.582113 (> 0.36), so it is stated that this research model belongs to the large result group Hair et al. (2020).

10. CONCLUSIONS

The purpose of this study was to determine the understanding of Customer Loyalty towards a fast-food restaurant in Batam. The conclusion in this study states that Service has a significant effect on Trust, Quality has a significant effect on Trust, Price has a significant effect on Trust, Brand Image has a significant effect on Trust, then Trust also has a significant effect on Customer Loyalty and so on. Brand Image which also has a significant effect on Customer Loyalty it can be concluded that service can affect customer trust, as well as quality, price and brand image which also affects trust which then trust affects a customer's loyalty to a fast-food restaurant. The limitation of this study is that it only uses a limited object, and also hopes that further observations can consider invalid questions not to be used in further research but can add certain question variables in order to strengthen a variable. It is also suggested that further research can add a sample of fast-food restaurant brands to be studied and can also add the Perceived value variable as an intervening variable which then affects the dependent variable of Customer Loyalty.

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