Improving the Loyalty of Customer through the Effectiveness of Customer Satisfaction, Service Quality, and Food Quality

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Abstract: The food industry is one of the business sectors that is future-oriented, as evidenced by food being one of the basic needs of the community. Therefore, it is necessary to examine customer loyalty in the food industry through the role of customer satisfaction, service quality and food quality, as in this study. In developing this research, quantitative descriptive methods were used by involving a sample of 100 respondents to obtain analysis data, which was then processed and analyzed using SEM-PLS. The research reveals that there is a significant positive correlation occurred of service quality along to food quality which affecting customer satisfaction. And this customer satisfaction also affects in increasing customer loyalty to Subway Indonesia. These results indicates that Subway Indonesia needs to maintain their improvement on service quality and food quality which served based on consumers expectations, so as to increase customer satisfaction and loyalty.

Keywords: Service Quality, Food Quality, Customer Satisfaction, Customer Loyalty

INTRODUCTION
Today, the restaurant industry seems to be a promising business sector for entrepreneurs. This due to the food industry seen as one of the business area that is future-oriented. As it can be seen, that food has become a basic need of the community. With the development of the food service industry, competition in the culinary sector is getting tighter, and various types of culinary companies offer their own special products, ranging from typical Indonesian, American, Italian, South Korean, Japanese, and others. One of the growing trends is the opening of famous franchise restaurants from abroad, which increases the popularity and curiosity of potential customers. Among many franchise-type culinary businesses that already exist in Indonesia, Subway restaurants can be said as a franchise that has just competed in the Indonesian market but has made a considerable impact.

If referring to the article written by Intania (2022) which she said that after the first opening of their outlets in October 2021, as of January 2022, the Indonesian subway franchise has a total of 11 outlets spread across the Jakarta area. One of the reasons why the
rapid growth occurred in Subway Indonesia is because of the very high interest shown by the people of Indonesia, especially the residents of Jakarta. This can be proven by the long queue at Subway outlets when the first outlet just opened (Amani, 2021).

The reason why in the end the researcher decided to choose Subway Indonesia as the object of this study is actually refers to article presented by Mordor Intelligence (2023) which said that the market concentration for franchise restaurant businesses in Indonesia is still considerable as very potential with saturation figures that are still very far from the saturation numbers, especially after seeing enthusiasm of consumer in the early days of their re-opening in Indonesia after withdrawing from Indonesia in the early 2000s which became main factor why researchers are interested in making Subway as the object of research.

Based on pre-surveys which have been conducted previously, food quality (25%), service quality (21%), and customer satisfaction (17%) are the 3 (three) main factors that are suspected to have a correlation with customer loyalty on Subway Indonesia. Based on pre-survey results, researchers feel that these three factors are the main factors behind the success of Subway Indonesia in their re-opening of their business in Indonesia. Konuk (2019) in his research, stated that food quality is an essential factor which leads consumers to choose which restaurant they want to go to. Several research have been conducted previously and revealed that food quality contributes to consumers’ desire to come back to a restaurant and shows the positive impression they get, if indeed the quality of food received by consumers satisfies them (Ha & Jang, 2010; Konuk, 2019). Furthermore, Zhong & Moon (2020) in their research on fast food restaurants in China, found that quality of food has a strong impact on customer satisfaction. However, Wantara & Tambrin (2019) research explained that there is no significant relationship which occurred between food quality and loyalty. Similarly with McNeil & Young (2019) who found insignificant relationship between food quality and consumer satisfaction in the context of food truck consumers.

Beside the quality of a product, one crucial factor that also contributes to the accomplishment of a business is service quality that provided by the company. Gunawan & Prasetyo (2020), Kant & Jaiswal (2017), Kurniawan et al. (2020), Situmorang et al. (2020) through their research have declared that good service quality in a company will be able to provide a sense of satisfaction to customers. Furthermore, research conducted by Prasetyo & Ariawan (2021) argued that service quality greatly affects customer loyalty. Uzir et al. (2021) also found that several dimensions of quality of service, such as assurance, empathy, reliability, tangibility and responsiveness were found to have a strong connection to the variables of Customer Satisfaction. However, through Fida et al. (2020) it is found that only variable of empathy and responsiveness which have strong influence on customer satisfaction, while assurance, reliability, and tangibility did not affect customer satisfaction. Furthermore, another crucial factors related to consumer satisfaction, defined as a state or consumer expectation of a product in accordance with the reality accepted by consumers (Kotler & Keller, 2016). Mofokeng (2021) said that customer dishonesty is often caused by poor service quality or service quality that is not in accordance with customer expectations. Moreover, Mohd Suki (2016) also mentioned that customers who felt satisfied with products offered and lead to the loyalty towards the product.

Meanwhile, based on the background description that has been presented above, the researcher feels that the very fast growth shown by Subway Indonesia shows that there is new hope for the franchise. This research aims to assist Subway Indonesia in maintaining its existence in Indonesia through customer loyalty by considering factors such as quality of food and it services against consumer satisfaction based on pre-surveys as well as previous research that has been done previously.
LITERATURE REVIEW

Service Quality

Service quality is often used as an comprehensive and strategic framework which allows companies to distinguish themselves by the rest of companies in an aggressive competition on the field of service industry (Ladhari, 2008). Basically, it can be said that service quality refers to how excellent the company’s performance in serving their customer (Zeithaml et al., 2017), meaning that quality of service depends on someone’s opinion towards what they perceived or in other word it is objective customer (Zeithaml et al., 2017). In particular, regarding service quality, there is an understanding that eventually became a tool to measure called SERVQUAL, actually the existence of SERVQUAL is an effort to see how service quality can be measured based on the existing gap model, that likely to compare between customer presumption and its reality (Grönroos, 1984; Parasuraman et al., 1988).

Regardless of popularity which has been questioned by several researchers about its feasible application. Such as those question about when the assessment should be done, whether pre or after receiving services (George & Kumar, 2014), and the thought that these model used perceptions and expectations, the subtractive "gap" P-E, as a benchmark to assess the quality (Al-hawari, 2015). Beside that, Grönroos (1984) decided that company image as one of key factor of service quality variable, and proposes that image-based service quality models tend to be more qualitative and emphasis on whole image of organization; Consists of two elements namely technical quality and functional quality. Technical quality is refers to which the service provider delivers during the conditions of service. On the other hand, functional quality defines how the employee served. Therefore, this study seeks clarified the research gap regarding the literature of service quality through revealing the dimensions of service quality perceived by customers and its connection to consumer satisfaction in the Indonesian franchise restaurant sector.

Food Quality

Quality itself has a significant influence on the benefits that can be obtained by companies in running a business (Oude Ophuis & Van Trijp, 1995). Previous research tried to focus on two different types of quality, where these qualities were categorized as objective quality and subjective (perceived) quality (Tsiotsou, 2006). For objective quality it is conceptualized as superiority from a technical point of view as well as the superiority of a product offered (Parasuraman et al., 1988). The theory of use shows that often a consumer uses internal and external cues to be able to assess the quality of certain products, for example for food products, intrinsic quality indicators include food appearance, food color, shape and structure which cannot be replace without changing the physical appearance of the product (Konuk, 2019). Furthermore, external cues are part of things that excluded in the physical composition of the product, for example price, brand, store location, country of origin, nutrients contained, to manufacturing information (Konuk, 2019). Furthermore, Namkung & Jang (2007) suggested that indicators for measuring food quality may vary include freshness, health, palatability and food presentation.

SOR theory emphasizes on the development of internal evaluation process which triggered by a stimulus, that is expected to influences consumer in response to a product (Jacoby, 2002). From this point of view, the attributes that exist in the food quality such as the taste, shape and appearance of food as a stimulus that can influence the internal evaluation of customers in forming a positive response, so that if related to the context of this study is to increase the intention of consumers to come back to franchise restaurants such as Subway. Previous research has shown that product quality greatly contributes to consumer satisfaction (Tsiotsou, 2006). Furthermore, research by Kozup et al. (2003) has similar results related to the impact of nutritional information that consumers feel good about and also
claims given by sellers that the food served is healthy that would be positive attitudes which reflects by consumers towards products served in a restaurant. Previous research also shown that consumers often perceive organic food products as healthier and tastier than conventional products if they get information from reliable sources (Konuk, 2019; Naspetti & Zanoli, 2014). In addition, previous empirical research has agreed that food health is considered as an important quality attribute in forming a positive image on consumer satisfaction (Kim & Lennon, 2013).

Customer Satisfaction

Customer satisfaction is main principle in the marketing field (Chiu & Cho, 2019), and recognized as one of main objectives of a marketing activity (Kotler & Keller, 2016). According to Chang & Chen (2009) satisfaction can be seen as the result of a customer's cumulative impression towards the performance of particular website. The cumulative effect from continuous service meeting with customer's overall evaluation of the total purchase and consumption experience in a given period, that is known to provide strong value for the company's performance (Fornell, 1992). Satisfaction can be described as an emotional state that represents the consumer's feeling relates to experience to use something (Faraoni et al., 2019), which allows the affective component to be more relevant than the cognitive aspect (Kassim & Abdullah, 2008). Compared to cognitive experiences, affective experiences strongly influence customer satisfaction and positive word-of-mouth in the context of successful purchase (Barari et al., 2020).

In literature review, satisfaction can be refers to the level of enjoyment that buyers achieve after comparing the purchase experience and perceived expectations with post-purchase experience (Wiharso et al., 2022). In his research, Wiharso et al. (2022) defined "expectations" as consumers' beliefs about what they should or will get after using the services of a product. However, if expectations less than its total shopping, purchase, or service experience, so then there is a small chance that customers would feel satisfied or lean on building loyalty to the e-retailer (Mofokeng, 2021). Therefore, customer satisfaction can be said as post-purchase evaluation of a customer's product or service while considering expectations (Kotler & Armstrong, 2021), and as such, highly satisfied/happy customers are an important source of customer loyalty and competitiveness of the company in service industry.

Customer Loyalty

Customer loyalty involves customers who maintain their relationship with the company through repeated purchases of product (Mohd Suki, 2016). Loyalty considered as form of confidence which expressed systematically towards the brand that consumer buys. If consumers believe that product from certain brand has an attribute that is in accordance with consumer desires, then they will have a better attitude towards that product. This attitude is then tried to be measured by asking people several questions, for example their likeness towards the brand, how loyal they are to the brand, whether they will suggest for others or not and those consumers have positive thoughts and feelings regarding the brand (Donio’ et al., 2006). Furthermore, loyalty seems determines consumer intentions (Donio’ et al., 2006).

Referring to the explanation of Tjiptono & Chandra (2017), it is said that customer loyalty is a series and form of customer commitment to the products or services provided by the company. This attitude can lead to a positive direction which categorized as a phase for the creation of repeat purchase behavior made by customers consistently over a long period of time. Furthermore, Priansa (2017) also defines customer loyalty as a commitment that lasts for the long term, the commitment given by the customer is manifested in the form of behavior or loyalty behavior towards a product by consuming the product regularly and
become an important part of consumption. The process conducted by the customer certainly plays a role in the existence of the product. In addition, Kotler & Keller (2016) described that being loyal to a company is retain to buy or reuse similar product or service in the future, regardless of the situation faced by consumers.

**Research Hypothesis and Conceptual Framework**

According to the background, views and earlier studies, there are four variables adapted from other studies, namely Service Quality refers to research conducted by Uzir et al. (2021) then the Food Quality variable refers to research conducted by Konuk (2019), Customer Satisfaction refers to the dimensions and approaches conducted by Mofokeng's research (2021), and terms of Customer Loyalty refers to Suhartanto et al. (2019), so that the models and hypotheses in this study can be drawn as follows.

![Conceptual Framework Diagram](image)

**Figure 1. Presents the Conceptual Framework**

H1: Service quality has impact on customer satisfaction
H2: Food quality affects customer satisfaction
H3: Customer satisfaction has influence on customer loyalty

**RESEARCH METHODS**

From this study, the researchers will try to accommodate predetermined hypotheses by measuring variables and their connection to each other. Quantitative methods used by researchers to support this research, and later descriptive analysis were used to explain a function or characteristic contained in this study (Malhotra, 2010). Data collection was performed through a survey method in the form of questionnaires that have been distributed to respondents according to the intended criteria. This study included a single cross sectional study because this study only took data from one agreed period.

The unit of analysis in this study is an individual respondents' perceptions of service quality, food quality, customer satisfaction and customer loyalty to Subway restaurant. The criteria of respondents that used in this study are customers of Subway restaurants who have directly come to restaurants in order to purchase their products. Since the population size of this study is unknown with certainty by researchers, the method of determining the number of samples is carried out based on the provisions of Ferdinand (2014), which is multivariate
research, the sample size can be determined as many as 25 times than total of independent variables. Because this study use four independent variables then the minimum number of samples is 100 respondents. Meanwhile, the research sampling method is non-probability sampling or convenience sampling techniques, and more specifically using purposive sampling methods which also part of non-probability, namely independent sampling and considered fit as a data source (Malhotra, 2010).

The questionnaire which researcher designed for this study used two types of question formats, namely a linear scale questionnaire where each question will be given a measurement scale from 1 to 5 to answer the perspective held by the respondent on the question given. Furthermore, there are closed-ended questions which are used to collect demographic profiles of respondents. The data obtained will be analyzed through descriptive analysis and SEM analysis with the SmartPLS tool to examine the hypothesis of research.

RESULT AND DISCUSSION
Results
Based on the questionnaires which have been distributed before, so that it is known that mostly respondents aged between 18-24 years (61%), have an income of 0 to 4 million / month (61%), had a high school / vocational education background (69%) and visited 3-4 times in the last of 3 months. This indicate that the majority of consumers of Subway Indonesia or visitors are students who have a hobby of hang out with their friends or just to do schoolwork outside the home, so Subway Indonesia needs to adjust the current menu which is instant and pocket-friendly so that customers would make return visits in the future.

The evaluation through SEM-PLS, conducted by examine the measurement models and structural models. This examination aims to determine the validity and reliability of measurement instruments in research models carried out through convergent validity test, discriminant validity, and reliability tests. Based on the results of convergent validity test, there are 5 indicators that have outer loading values below 0.5, namely ASS3, ASS4, EMP1, REL1 and SAT3 that must be excluded from the model. After deleting those items, all indicators have a loading factor value above 0.5, so that they have exceeded the predetermined limit value (Hair et al., 2018). Then, through discriminant validity examination, it reveals that each indicator in a construct is higher than other constructs and collects on one of these constructs, so in this study it can be said to have good discriminant validity (Hair et al., 2018). The reliability test results of all latent variables used show that the composite reliability (CR) value gets a number above the recommended cut-off value, which is ≥ 0.7. In addition, it is also seen that the majority of average variance extracted values have a value of ≥ 0.5. However, the results of data processing on the variables Empathy, Loyalty, Food Quality, Satisfaction, Service Quality resulted in an AVE value below the recommended cut-off value of 0.5. Referring to Fornell & Larcker (2014) that if the AVE value shows a result of < 0.50 but the CR value meets the minimum limit standard, then the value is acceptable because it is considered not to have a fatal impact. So it can be concluded that all latent variables have met the requirements of the reliability test and considered reliable.

<p>| Table 1. Illustrates the Data Reliability Test Results |</p>
<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance</td>
<td>0.613</td>
<td>0.759</td>
</tr>
<tr>
<td>Emphaty</td>
<td>0.492</td>
<td>0.743</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.484</td>
<td>0.788</td>
</tr>
<tr>
<td>Food Quality</td>
<td>0.473</td>
<td>0.781</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.758</td>
<td>0.862</td>
</tr>
</tbody>
</table>
Responsiveness 0.645 0.879
Satisfaction 0.477 0.730
Service Quality 0.490 0.918
Tangibility 0.552 0.828

The second test in SEM-PLS is structural model test to explore each connection between variables or so called as hypothesis evaluation. The measurement item used is said to be significant if the T-statistics value is higher than 1.96 and the p-value is less than 0.05 at a significance level of 5%. While the parameter coefficient used to shows the direction of influence whether positive or negative of the original sample (Ghozali, 2014).

![Figure 2. Describes the Structural Model](image)

In the R-square test, it is known that the R-square value of customer satisfaction and loyalty is 0.284 and 0.349 which means that the customer satisfaction variable is influenced by the variables contained in this study by 28.4% and the loyalty variable is influenced by the variables contained in this study by 34.9%.

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-square</th>
<th>Goodness of Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality</td>
<td></td>
<td>√AVE × R² = 0.419</td>
</tr>
<tr>
<td>Food Quality</td>
<td>0.349</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.284</td>
<td></td>
</tr>
</tbody>
</table>

In hypothesis test using bootstrapp, the t-statistics value > 1.96 and p-value < 0.05 and has the original value of the sample marked in positive, so that it can be concluded that the three hypotheses can be accepted and supported.
Table 3. Explains the Results of Hypothesis Test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Original Sample</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quality -&gt; Satisfaction</td>
<td>0.229</td>
<td>2.084</td>
<td>0.038</td>
<td>H₁ Supported</td>
</tr>
<tr>
<td>Food quality -&gt; Satisfaction</td>
<td>0.408</td>
<td>3.500</td>
<td>0.001</td>
<td>H₂ Supported</td>
</tr>
<tr>
<td>Satisfaction -&gt; Loyalty</td>
<td>0.591</td>
<td>7.993</td>
<td>0.000</td>
<td>H₃ Supported</td>
</tr>
</tbody>
</table>

Discussion

Referring to the data analysis that has been done above, service quality has a positive and significant effect on customer satisfaction. The findings of this study are confirmed by the results of research conducted by Gunawan & Prasetyo (2020), Kant & Jaiswal (2017), Kurniawan et al. (2020), Situmorang et al. (2020), Uzir et al. (2021) where they explained through their research that consumer satisfaction can be enhanced by the excellent and optimal service quality. These research results shows that quality of service play crucial part to boost consumer satisfaction in every organization Therefore, Subway Indonesia needs to implement excellence service based on customer needs and expectations. Excellence in service that can be done by Subway Indonesia is through providing 3S (smile, greeting, gestures), handling customer complaints quickly and precisely, not providing food in a hurry and delivering products / food appropriately / according to customer orders. By implementing this excellent service, will bring an impact to customer satisfaction which lead to customer loyalty to Subway Indonesia.

Referring to the data analysis that has been done above, food quality has significantly positive effect on customer satisfaction. This research findings are in line with the results of research conducted by Ha & Jang (2010), Konuk (2019), Zhong & Moon (2020) who declared that food quality has a strong significant influence on customer satisfaction and loyalty. The results of this study indicate that Subway Indonesia needs to be attentive to aspects that support the food quality served on each existing menu, such as the freshness of raw materials, cleanliness of places and tableware, nutritional value content, presentation and appearance of food, as well as cleanliness of the employees. By considering and implementing aspects that support the creation of good food quality, customers will naturally feel satisfied with the products / food offered by Subway Indonesia, which will eventually lead to the repurchase in the future.

Referring to the data analysis that has been done above, customer satisfaction has a positive and significant effect on customer loyalty. The findings of this research conform to the results of research conducted by Anabila et al. (2022), Mofokeng (2021), Mohd Suki (2016), Suhartanto et al. (2019) who found that customers who felt satisfied with the products offered will develop loyalty to these products. These results show that customer satisfaction plays a crucial role in creating customer loyalty to the product. Through satisfaction, Subway Indonesia can identify customer intentions and expectations. Through satisfaction, we can also assess the products or foods that need quality improvement. By knowing the achievement of customer satisfaction, it will make it easier for Subway Indonesia to develop products based on customer desire and needs, which will increase their loyalty towards the products.

CONCLUSION

Elicited from the tests and analysis results above, it can be concluded that quality of service as well as quality of food brought an impact to increase customer satisfaction and loyalty. Through these research results, it reveals that Subway Indonesia needs to continue to improve the quality of service and the quality of food served in accordance with customer expectations, so as to increase satisfaction and loyalty to Subway Indonesia.
Through the results of this research, the author expects Subway Indonesia to conduct monitoring and evaluation of its employees related to the services delivered to customers starting from the beginning of the customer's arrival, and enjoying the food served, until the moment when the customer leaves the restaurant. Besides that, Subway Indonesia needs to ensure the quality of supply of raw materials in order to maintain the quality of food served and its freshness. Subway Indonesia also needs to evaluate their customer satisfaction through customer satisfaction surveys, because with these surveys, Subway Indonesia can identify points of deficiency in each Subway Indonesia branch so that improvements can be made quickly and precisely in order to maintain customer loyalty. Finally, the authors hope for the next researchers, in the future, to involve other loyalty factors in the culinary industry, such as halal assurance, food manufacturing process, and value offered to customers, so that the results can be more diverse and impactful towards the industry of food and beverage.

REFERENCES
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