

The Influence of Service Quality and Trust on Customer Loyalty with Satisfaction as an Intervening Variable

(A Case Study of Customers at Pegadaian Tebing Tinggi Branch)

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ABSTRACT

The research method used is a quantitative method with the assistance of Smart PLS 3.0, based on data collected through questionnaires distributed to 87 respondents. The analysis methods used include the Measurement Model (Outer Model) evaluation, namely Validity and Reliability Tests. Then, the Structural Model (Inner Model) evaluation includes the Coefficient of Determination (R^2), Goodness of Fit (GoF), T-Statistic Test, and Indirect Effect Test. The results from Smart PLS in this study are as follows: Service Quality influences Customer Satisfaction, Trust influences Customer Satisfaction, Service Quality does not influence Customer Loyalty, Trust influences Customer Loyalty, Customer Satisfaction influences Customer Loyalty, Customer Satisfaction is able to mediate the effect of Service Quality on Customer Loyalty, and Customer Satisfaction is able to mediate the effect of Trust on Customer Loyalty.

Keywords: Service Quality, Trust, Loyalty, Satisfaction

1. INTRODUCTION

The customer loyalty at PT. Pegadaian Tebing Tinggi Branch refers to customers who use or make transactions with the services of PT. Pegadaian Tebing Tinggi every month in 2023. This is a form of customer loyalty from the people of Tebing Tinggi City who use the services of PT. Pegadaian. Below is the number of customers at PT. Pegadaian Tebing Tinggi from January to December 2023.



Figure 1. PT Pegadaian Tebing Tinggi Customer

Based on Figure 1., it can be seen that the number of customers increases significantly every month. This is because many of the customers using the services of PT. Pegadaian Tebing Tinggi Branch are returning customers who remain loyal to the branch. However, in April, there was a decline in the number of customers—from 251 in March to 214 in April—despite the fact that April coincided with the Eid (Lebaran) holiday, a time when an increase

would typically be expected due to higher financial needs for the celebration. Based on the phenomenon and issues described above, the researcher is highly interested in conducting this study.

2. RESEARCH METHODS

The type of research used in this study is Explanatory Research. According to Sari (2022), explanatory research describes the relationship between two or more variables to determine whether one variable is associated with another, or whether a variable is caused or influenced by another variable. According to Gunawan & Monika (2022), explanatory research provides an explanation of the position of the variables being studied and the influence between them. Explanatory research aims to identify and confirm causal relationships between variables and to understand or predict how one phenomenon will change or vary in relation to another variable. This study will explain the relationship between satisfaction, service quality, and trust variables on loyalty. The nature of this research is replication. According to Prasetya & Rustam (2022), replication research is a study conducted by using similar indicators, variables, and analytical tools from previous research. This study is a replication of the research conducted by Mufidah (2023), titled *The Influence of Service Quality and Consumer Trust on Customer Loyalty Through Customer Satisfaction as an Intervening Variable (Case Study on Rinni Makeup Gondang Customers)*. The differences between this study and the previous one lie in the object, time, and location of the research. The location used for conducting this research is PT. Pegadaian Tebing Tinggi Branch, located at Jalan Pusara Pejuang No. 16, Tebing Tinggi City, North Sumatra Province. In this study, the population consists of active customers of PT. Pegadaian Tebing Tinggi Branch, with an average of 655 customers per month. In this study, the total population is 655 individuals, and the sample size was determined using the Taro Yamane formula. Based on this calculation with a population of 655, the determined sample size is approximately 86.75 or rounded up to 87 respondents. Primary data collection in this study was carried out by directly distributing questionnaires to individuals related to the research, namely the customers of PT. Pegadaian Tebing Tinggi City Branch. This study uses a questionnaire to collect data. A questionnaire is a data collection method that involves providing a series of questions related to the research problem. The data analysis in this study is quantitative analysis using the Structural Equation Model (SEM) method based on Partial Least Square (PLS), which is used for data processing. According to Stephani & Nashar (2020), Structural Equation Modeling (SEM) is an analytical technique that allows for the simultaneous testing of a series of relationships. As an analytical tool, PLS involves two types of evaluation: the measurement model (outer model), which is used to test validity and reliability, and the structural model (inner model), which is used to test hypotheses through a predictive model. The purpose of PLS is to find the optimal predictive linear relationship within the data.

3. RESULTS AND DISCUSSIONS,

Based on the results from the outer model analysis, all the tested hypotheses have met the requirements, making them suitable for use as an analytical model in this study. The hypothesis testing in this study uses a 5% alpha level, meaning that if the t-statistic value ≥ 1.960 or the probability value \leq the level of significance ($\alpha = 5\%$), the hypothesis is accepted. The 0.05 threshold indicates that there is only a 5% chance of error, and the remaining 95% suggests that the hypothesis can be accepted. The hypothesis testing in this study is divided into two parts: direct effect testing and indirect (mediating) effect testing. The direct effect testing will use bootstrapping in Smart PLS 3.0 software, while the indirect effect testing will use t-statistics on the indirect effect.

Table 1. Path Coefficients

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P-Values
Trust (X2) -> Satisfaction (Z)	0.286	0.296	0.115	2.490	0.013
Trust (X2) -> Customer Loyalty (Y)	0.309	0.317	0.083	3.716	0.000
Satisfaction (Z) -> Customer Loyalty (Y)	0.422	0.401	0.120	3.515	0.000
Service Quality (X1) -> Satisfaction (Z)	0.369	0.408	0.138	2.676	0.008
Service Quality (X1) -> Customer Loyalty (Y)	0.092	0.112	0.109	0.843	0.400

The results of the testing for each hypothesis are as follows:

H1: Service Quality (X1) affects customer satisfaction (Z) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 1., it can be seen that the t-statistic value for the relationship between Service Quality (X1) and Satisfaction (Z) is 2.676 with a significance level of 0.008. This result shows that the t-statistic ≥ 1.96 and the p-value \leq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 1 is accepted. This indicates that there is a significant effect of Service Quality (X1) on Satisfaction (Z). This finding is consistent with the study by Dewi & Swara (2022) titled The Influence of Service Quality and Trust on Customer Loyalty with Satisfaction as an Intervening Variable. H2: Trust (X2) affects customer satisfaction (Z) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 1., it can be seen that the t-statistic value for the relationship between Trust (X2) and Satisfaction (Z) is 2.490 with a significance level of 0.013. This result shows that the t-statistic ≥ 1.96 and the p-value \leq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 2 is accepted. This indicates that there is a significant effect of Trust (X2) on Satisfaction (Z). This finding is consistent with the study by Sarmigi et al. (2023) titled The Influence of Service Quality and Trust on Customer Loyalty at PT. Bank Nagari Syariah Unit Tapan Branch with Satisfaction as an Intervening Variable. H3: Service Quality (X1) affects customer loyalty (Y) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 1., it can be seen that the t-statistic value for the relationship between Service Quality (X1) and Customer Loyalty (Y) is 0.843 with a significance level of 0.400. This result shows that the t-statistic ≤ 1.96 and the p-value \geq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 3 is rejected. This indicates that there is no significant effect of Service Quality (X1) on Customer Loyalty (Y). This finding is consistent with the study by Octavia (2019) titled The Influence of Service Quality and Customer Satisfaction on Customer Loyalty at PT. Bank Index Lampung. H4: Trust (X2) affects customer loyalty (Y) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 1., it can be seen that the t-statistic value for the relationship between Trust (X2) and Customer Loyalty (Y) is 3.176 with a significance level of 0.000. This result shows that the t-statistic ≥ 1.96 and the p-value \leq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 4 is accepted. This indicates that there is a significant effect of Trust (X2) on Customer Loyalty (Y). This finding is consistent with the study by Mufidah et al. (2023) titled The Influence of Service Quality and Consumer Trust on Customer Loyalty Through Customer Satisfaction as an Intervening Variable (Case Study on Rinni Makeup Gondang Customers). H5: Customer Satisfaction (Z) affects customer loyalty (Y) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 1., it can be seen that the t-statistic value for the relationship between Satisfaction (Z) and Customer Loyalty (Y) is 3.515 with a significance level of 0.000. This result shows that the t-statistic ≥ 1.96 and the p-value \leq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 5 is accepted. This indicates that there is a significant effect of Satisfaction (Z) on Customer Loyalty (Y). This finding is consistent with the study by Yuniarta et al. (2019) titled The Influence of Trust and Service Quality on Customer Loyalty of Package Delivery Service Users at PT. JNE Express Jember Branch with Satisfaction as an Intervening Variable.

Table 2. Indirect Effect

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P-Values
Trust (X2) -> Satisfaction (Z) -> Customer Loyalty (Y)	0.121	0.119	0.062	1.955	0.051
Service Quality (X1) -> Satisfaction (Z) -> Customer Loyalty (Y)	0.156	0.161	0.071	2.181	0.030

Hypothesis 6 H6: Customer Satisfaction (Z) mediates the effect of Service Quality (X1) on Customer Loyalty (Y) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 2., it can be seen that the t-statistic value for the relationship between Service Quality (X1) and Customer Loyalty (Y) through Satisfaction (Z) is 2.181 with a significance level of 0.030. This result shows that the t-statistic ≥ 1.96 and the p-value \leq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 6 is accepted. This indicates that Satisfaction (Z) mediates the effect of Service Quality (X1) on Customer Loyalty (Y). This finding is consistent with the study by Juliana & Keni (2020) titled The Prediction of Service Quality and Trust on Customer Loyalty with Customer Satisfaction as a Mediating Variable. Next, based on the VAF value:

$$VAF = 0.369 / (0.369 + 0.156) = 0.702 \text{ or } 70.2\%$$

Based on the VAF value of 70.2%, this indicates that the mediation is partial. Therefore, it can be concluded that customer satisfaction (Z) partially mediates the effect of service quality (X1) on customer loyalty.

b. Hypothesis 7 H7: Customer Satisfaction (Z) mediates the effect of Customer Trust (X2) on Customer Loyalty (Y) at PT. Pegadaian Tebing Tinggi Branch. Based on the test results in Table 2., it can be seen that the t-statistic value for the relationship between Trust (X2) and Customer Loyalty (Y) through Satisfaction (Z) is 1.955 with a significance level of 0.051. This result shows that the t-statistic ≤ 1.96 and the p-value \geq the level of significance ($\alpha = 5\%$). Thus, Hypothesis 7 is rejected. This indicates that Satisfaction (Z) does not mediate the effect of Trust (X2) on Customer Loyalty (Y). This finding is consistent with the study by Hidayatullah et al. (2022) titled The Influence of Service Quality and Trust on Customer Loyalty with Satisfaction as an Intervening Variable (Study at Bank BSI Basuki Rahmat Situbondo Area).

4. CONCLUSION

Based on the results and discussion presented in the previous chapter, the following conclusions can be drawn: Hypothesis 1 is accepted, which means that service quality has an effect on customer satisfaction at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 2 is accepted, which means that trust has an effect on customer satisfaction at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 3 is rejected, which means that there is no significant effect of service quality on customer loyalty at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 4 is accepted, which means that trust has an effect on customer loyalty at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 5 is accepted, which means that customer satisfaction has an effect on customer loyalty at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 6 is accepted, which means that customer satisfaction mediates the effect of service quality on customer loyalty at PT. Pegadaian Tebing Tinggi Branch. Hypothesis 7 is rejected, which means that customer satisfaction does not mediate the effect of customer trust on customer loyalty at PT. Pegadaian Tebing Tinggi Branch.

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