

Analysis of the Effect of Service and Image on Customer Satisfaction and their Impact on Customer Loyalty of PT. PLN (PERSERO) UIW ACEH

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Abstract: This research aims to test the Satisfaction role as Mediation on the Service and Image effect on Customer Loyalty at PT PLN (Persero) UIW Aceh. The population was all customers of PT PLN (Persero) UIW Aceh. The sample used was 240 people. Data were tested through Structural Equation Modeling (SEM). The result reveals that Service affects the Satisfaction of PT. PLN (Persero) UIW Aceh customers; Image affects the satisfaction of PT. PLN (Persero) UIW Aceh customers; Service affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Image affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Satisfaction affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Satisfaction partially mediates the service effect on loyalty at PT. PLN (Persero) UIW Aceh customers; and Satisfaction fully mediates the Image effect on Loyalty of PT. PLN (Persero) UIW Aceh customers. This fact proves the model of increasing customer loyalty at PT. PLN (Persero) UIW Aceh is a function of improving service capabilities and improving the corporate image of PT. PLN (Persero) UIW Aceh, that will have an impact on improving the function of customer satisfaction.

Keywords: Loyalty, Satisfaction, Service, and Image

I. Introduction

In 2009 PT. PLN (Persero) used innovation by offering a new type of service for its customers, namely Prepaid Electricity Service (LPB). In contrast to the previous type of service, where PT. PLN (Persero) customers get postpaid electricity services, i.e. customers use electrical energy first and then pay the following month so that every month PT. PLN (Persero) must record meters, calculate and issue accounts to be paid by customers, bill customers who are late or not paying, and cut off electricity if the customer is late or does not pay the electricity bill after a certain time (Irwanto, 2021). The following is the customer roadmap of PT. PLN UIW Aceh for the last three years:

Table 1. Customer Roadmap of PT. PLN UIW Aceh

Year	Postpaid	Prepaid	Amount
2019	796,281	697,087	1,493,368
2020	791,782	765,202	1,556,984
2021	767,526	832,728	1,600,254

Source: PT PLN (Persero) Tbk UIW Aceh, 2022

In Table 1, it can be seen that the growth of PT. PLN (Persero) UIW Aceh as a whole continues to increase every year. However, the decline occurred in postpaid products which continued to decline from 2019 to 2020. This indicates that there has been a decline in customer loyalty to postpaid products. The initial survey provided the result that customers are not very loyal to PT PLN (Persero) UIW Aceh because the average value is 3.17 ($3.17 < 3.41$). This can be seen from the desire of customers who will not say good things about service products from PLN.

Many factors affect customer loyalty, one of which is customer satisfaction. In this article, the term satisfaction will lead to the meaning of customer satisfaction, and the term loyalty will lead to the meaning of customer loyalty.

(Tjiptono, 2017) defines customer satisfaction as an emotional response to experiences related to certain purchased products or services, retail outlets, or even behavioral patterns. The above understanding explains that customer satisfaction will affect loyalty. This is because the more satisfied customers are with a company, the more loyal customers will be to the company.

The results of the initial survey showed that customers are not very satisfied with PT PLN (Persero) UIW Aceh because the average value is 3.30 ($3.30 < 3.41$). This can be seen from the wishes of customers who do not always consider PLN's service products to have good quality. One of the factors that influence customer loyalty and satisfaction is service. Service is the performance of the service received by the customers themselves and assessing the quality of the service they feel (Dharmayanti, 2006). It explains that the performance of the service received by the customer will affect loyalty. This is because the better the performance of services provided to customers, the more loyal customers will be to the company.

The research by (Rahmawaty, 2011) and (Nugroho & Sudaryanto, 2013) found that service performance significantly influenced customer loyalty. (Putra, Wimba, & Susanti, 2021) and (Lupiyoadi, 2013) also states that the basis for true loyalty lies in customer satisfaction, where service quality is the main input. Highly satisfied customers or even those who enjoy service tend to be loyal supporters of the company. The initial survey revealed that the services provided by PT PLN (Persero) UIW Aceh are still not good because the average value is 3.21 ($3.21 < 3.41$). This can be seen from the services provided are not yet professional, the officers are not yet alert and skilled in completing their work, and the officers have not given individual attention to customers.

The next factor is the brand image. To establish and strengthen customer loyalty, companies can adopt a marketing concept that is oriented towards forming a partnership with customers (market-driven partnership) through the development of interactive and intensive communication. Companies that already have customer partners will get a good image in the eyes of customers (Prayoga, Yasa, & Wardana, 2015). The image of a company will stick in the minds of customers when they have felt the benefits provided. Companies that have a good image can encourage customers to buy the products offered, have competitive advantages that continue to increase, and can encourage enthusiasm and increase customer loyalty (Yudiana & Setyono, 2016).

When buying a product the customer is not only buying a product but the value of symbols contained in the product. The results of (Pramudyo, 2012) show that company image affects loyalty through customer satisfaction. The results of the initial survey explained that the image of PT PLN (Persero) UIW Aceh is still not good because the average value is 3.40 ($3.40 < 3.41$). This shows that the brand image has not been as expected by the company.

Several previous studies such as (Nikmah & Ar-Rasyid, 2019), (Rahmawati & Susilowati, 2021), (Rahmawaty, 2011), (Nugroho & Sudaryanto, 2013), (Wardhana, Hudayah, & Wahyuni, 2017), and (Pramudyo, 2012) have examined the factors that influence customer loyalty. The difference in the study lies in the use of a wider sample than in previous studies. This research will also examine respondents on two product geniuses, namely prepaid and postpaid products.

II. Literature

Loyalty

According to (Sangadji & Sopiah, 2014), loyalty refers more to the behavior of decision-making units to make continuous purchases of goods or services from a selected company. Meanwhile, (Tjiptono, 2017) suggests that customer loyalty is a customer's commitment to a brand, store, or supplier, based on a very positive attitude and is reflected in consistent repeat purchases. According to (Nurullaili & Wijayanto, 2013), the factors that influence loyalty are price, service, product quality, and promotion factors. Furthermore, the factors that influence customer loyalty according to (Tjiptono, 2017) are Value, Image, Convenience, ease of getting the product, and Satisfaction felt by customers. Customers will be loyal to a product if they get satisfaction from the product. According to (Hidayat, 2009), customer loyalty is a customer's commitment to a market based on a positive attitude and is reflected in consistent repeat purchases. The indicators of customer loyalty are trust, emotional commitment, switching costs, word of mouth, and cooperation.

Satisfaction

(Daryanto & Setyobudi, 2014) said customer satisfaction is an emotional assessment of the customer after the customer uses a product where the expectations and needs of the customers who use it are met. According to (Kasmir, 2017) to achieve customer goals, it is necessary to look at the factors: pay attention to service, approach, and proximity factors to interact, price factor offered, convenience and security of company location, ease of obtaining products, handling complaints or complaints, completeness and product use, and after-sales service. According to (Kotler & Keller, 2018) satisfaction indicators are satisfaction, repeat purchase, word of mouth/buzz, evangelism, and ownership.

According to (Wijayanti, 2017) the factors that influence satisfaction are customer needs, hidden expectations, special customers, emotional touch, and tolerance zones based on information from several sources including:

1. word of mouth (word of mouth)

This influence arises from everything the customer hears from other customers. This is a potential factor because customers usually tend to trust other customers who have tried products or services provided by the company or agency.

2. Personal needs

This factor depends on the individual needs of each customer usually not the same between customers, so the expectations required by customers are not the same

3. Experience

The expected state cannot be separated from the experience of each customer, because of the higher the experience, the more influential his expectations in influencing needs.

4. External communication (external communication)

External communication such as promotions, and counseling they provide accept will affect the expectations of customers

Service

Services can be defined as the activities of a person, group, or organization either directly or indirectly to meet needs. Standards in service are standards that have been determined as a standard of good service. In this service standard, there is also a service quality standard. According to (Kotler & Keller, 2018) service is any action or activity that one party can offer to another, which is essentially intangible and does not result in any ownership. Meanwhile, according to Suit and (Suit & Almasdi, 2012) to serve customers excellently, we are required to provide services that are reliable, fast, and complete with additional empathy and attractive appearance. The service quality indicators according to (Purwanti & Wahdiniwat, 2017) are reliability, responsiveness, assurances, empathy, and tangibles.

Image

The company's image cannot be created overnight. Image is a set of beliefs, ideas, and impressions that a person has of an object (Kotler & Keller, 2018). Image is the impression that a person gets based on his knowledge and understanding of facts or reality (Soemirat & Ardianto, 2017). Meanwhile, according to Gregory (2011), company image is a combination of impacts on observers from all verbal and visual components of the company, whether planned or not, or from the influence of other external Elements. According to (Kotler & Keller, 2018) corporate image consists of four elements/ indicators: 1) Product attributes, benefits, and general behavior; 2) Characteristics of employees and their relationship with customers; 3) Values and programs; 4) Company credibility.

III. Method

In this study, the intended population was all civil servants (ASN) of the Banda Aceh City Government. The number of samples was determined using the Structural Equation Modeling (SEM) requirement, which used the formula 10 times the number of indicator variables, totaling 24 indicators used (Ferdinand, 2014), totaling 240 samples. Sampling was carried out in this study using random sampling. The data collected includes primary and secondary data. So in this study, the types of data used based on the acquisition are Primary and Secondary. The data was tested using the Structural Equation Modeling (SEM) method through the AMOS software (Hair, Hult, Ringle, & Sarstedt, 2016). Before the hypothesis is tested through Structural testing, it is first tested through confirmatory factor analysis (CFA). The research model and its hypothesis are shown below.

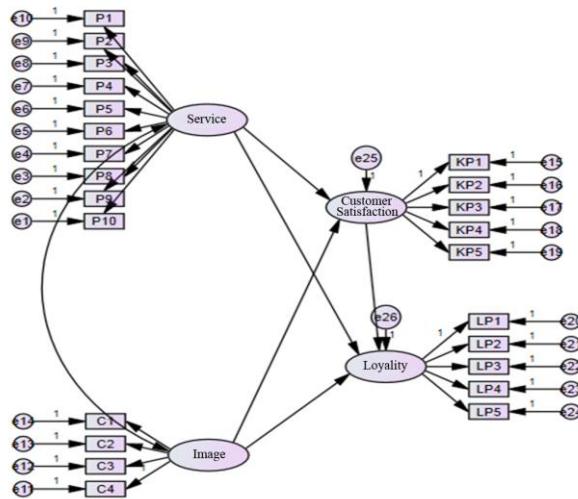


Figure 1. Study Model

- H1 : Service affects Satisfaction of PT. PLN (Persero) UIW Aceh customers;
- H2 : Image affects satisfaction of PT. PLN (Persero) UIW Aceh customers;
- H3 : Service affects Loyalty of PT. PLN (Persero) UIW Aceh customers;
- H4 : Image affects Loyalty of PT. PLN (Persero) UIW Aceh customers;
- H5 : Satisfaction affects Loyalty of PT. PLN (Persero) UIW Aceh customers;
- H6 : Satisfaction mediates the service effect on loyalty at PT. PLN (Persero) UIW Aceh customers;
- H7 : Satisfaction mediates the Image effect on Loyalty of PT. PLN (Persero) UIW Aceh customers.

IV. Result

The structural testing was carried out after the indicators formed the latent variables, which were tested using CFA. The structural test is shown below.

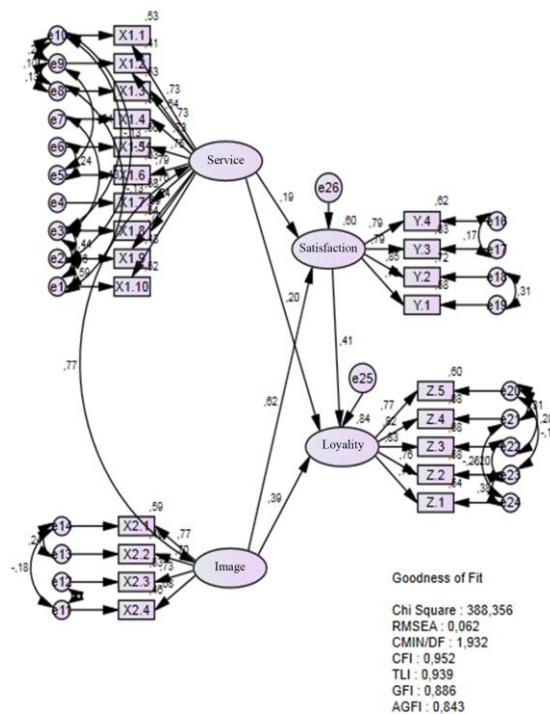


Figure 2. Structural Model Testing

Figure 2 explains the influence of each variable, namely Service and Image on Satisfaction and also the occurrence of an indirect influence on Loyalty through Satisfaction. Then the 8 hypotheses were tested. *Critical Ratio* (CR) was provided through SEM processing as shown below.

Table 2. Regression Weight

		Influence	Estimate	SE	CR	P	R-Square
Satisfaction	<---	Service	0.187	0.069	2,134	0.032	0.601
Satisfaction	<---	Image	0.622	0.104	4,570	0.000	
Loyalty	<---	Service	0.198	0.073	2,430	0.015	0.841
Loyalty	<---	Image	0.391	0.102	3,257	0.001	
Loyalty	<---	Satisfaction	0.415	0.077	4,639	0.000	

Source: Primary Data Processed, (2022)

The results above can be formulated:

$$\text{Satisfaction} = 0.187 \text{ Service} + 0.622 \text{ Image}$$

$$\text{Loyalty} = 0.198 \text{ Service} + 0.391 \text{ Image} + 0.415 \text{ Satisfaction}$$

Based on Table2, the value of R square for the Service and Image effect on Satisfaction is 0.601. This shows together the Service and Image explain the satisfaction by 60.1%, while the remaining 39.9% is explained by other variables not in the model of this study.

The value of R square for the Service, Image, and Satisfaction effect on Loyalty is 0.841. This shows together the variables of Service, Image, and Satisfaction explain Loyalty by 84.1%, while the remaining 15.9% is explained by other variables not in the model of this study.

Service Role in Satisfaction (H1)

The service effect testing on satisfaction provides CR 2.134 with its significance (P) 0.032. This means that service affects increasing satisfaction. The magnitude of the service influence on satisfaction is 0.187 or 18.7%. This reveals the better the service will have an impact on increasing satisfaction.

Image Role in Satisfaction (H2)

The Image effect testing on Satisfaction produces CR 4.570 with its P 0.000. This concludes the image affects satisfaction. The magnitude of the image influence on satisfaction is 0.622 or 62.2%. This indicates that the higher the level of the image will further increase satisfaction.

Service Role in Loyalty (H3)

The service effect testing on loyalty produces CR 2,430 with its 0.015. This explains service affects loyalty. The magnitude of the Service influence on Employee Performance is 0.198 or 19.8%. This means the higher the level of service, the more loyalty will increase.

Image Role in Loyalty (H4)

The Image effect testing on Loyalty produces CR 3.257 with its 0.001. This reveals image influences loyalty because the significance value obtained is < 0.05.

Satisfaction Role in Loyalty (H5)

The Satisfaction effect testing on Loyalty provides CR 4.639 with its 0.000. This means satisfaction affects loyalty. The magnitude of the Satisfaction influence on Loyalty is 0.415 or 41.5%. It explains that higher satisfaction will have a direct influence on loyalty.

Service Role in Loyalty through Satisfaction (H6)

Sobel test provided the result of 2.421 and its significance at = 0.015. This proves Satisfaction acts as a mediator between Service and Loyalty. Because satisfaction affects and acts as a mediating variable, service affects loyalty, so the role of satisfaction in mediating the service affects loyalty is as a partial mediator. A partial mediator means that service and loyalty are not fully mediated by satisfaction.

Table 3. Sobel Testing for H6

Input:	Test statistic:	Std. Error:	p-value:
a 0.187	Sobel test: 2.42126452	0.03205143	0.01546662
b 0.415	Aroian test: 2.38866902	0.0324888	0.01690953
s _a 0.069	Goodman test: 2.45523188	0.03160801	0.01407937
s _b 0.077	Reset all		Calculate

Image Role in Loyalty through Satisfaction (H7)

Sobel test provided the result of 4.003 and its significance at = 0.000. So satisfaction acts as a mediator between Image and Loyalty. Thus, because satisfaction affects and acts as a mediating variable, image affects loyalty, then the role of satisfaction in mediating image affects loyalty is as a partial mediator. A partial mediator means that the Image affects Loyalty and is not fully mediated by Satisfaction whereas the Image effect on Loyalty can be explained by Satisfaction indirectly.

Table 4. Sobel Testing for H7

Input:	Test statistic:	Std. Error:	p-value:
a 0.622	Sobel test: 4.00376221	0.06447186	0.00006234
b 0.415	Aroian test: 3.97323016	0.06496729	0.0000709
s _a 0.104	Goodman test: 4.03500912	0.06397259	0.0000546
s _b 0.077	Reset all		Calculate

V. Conclusion

The result reveals that Service affects Satisfaction of PT. PLN (Persero) UIW Aceh customers; Image affects satisfaction of PT. PLN (Persero) UIW Aceh customers; Service affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Image affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Satisfaction affects Loyalty of PT. PLN (Persero) UIW Aceh customers; Satisfaction partially mediates the service effect on loyalty at PT. PLN (Persero) UIW Aceh customers; and Satisfaction fully mediates the Image effect on Loyalty of PT. PLN (Persero) UIW Aceh customers. This fact proves the model of increasing customer loyalty at PT. PLN (Persero) UIW Aceh is a function of improving service capabilities and improving the corporate image of PT. PLN (Persero) UIW Aceh, that will have an impact on improving the function of customer satisfaction. This finding explains that this tested model can be used academically for further theory development. Practically, this model can be run by the research subject, namely PT. PLN (Persero) UIW Aceh to strengthen customer loyalty.

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