

CORRELATION BETWEEN CUSTOMER SATISFACTION, CUSTOMER ENGAGEMENT, AND CUSTOMER LOYALTY OF D’COST SEAFOOD RESTAURANT

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Abstract-Seafood was one of the favourite consumption for Indonesian. Indonesia was the country with wide ocean territory. It made Indonesian easy to make seafood for consumption. Seafood restaurant took part to deliver the best seafood that Indonesian needs. One of the seafood restaurants named D’Cost Seafood restaurant. D’Cost had more than fifty branches all over Indonesia. There were other seafood restaurants that compete with D’Cost. It was important for D’Cost Seafood to maintain their customers with their service quality, price, and product quality. It helped D’Cost improve customer satisfaction that correlated with customer engagement and customer satisfaction. Service quality was divided into five dimensions. Those were reliability, assurance, tangible, empathy, and responsiveness. Those five would affect customer satisfaction. Customer satisfaction was affected by service quality, price, and product quality. Customer satisfaction correlated with customer engagement and customer loyalty. Customers would give scores to D’Cost Seafood restaurant with the questionnaire. The questionnaire would be tested by validity and reliability test. Questionnaire result would give customers description and score about service quality, price, product quality, customer satisfaction, customer engagement, and customer loyalty. From the questionnaire result there would be the correlation between each variables. It also tested the importance of each statements that would be defined by importance performance analysis. D’Cost Seafood customers were dominated by 17-25 year old customers, bachelor degree customers, customers with Rp 1,000,000 to Rp 2,000,000 expenditures, Bandung customers, customers that friends became their references, and customers with price as a reasons. D’Cost customers satisfaction result indicated that customer satisfaction based on service quality, price, and product quality relatively high. It means customers feel satisfied enough with service quality, price, and product quality of D’Cost Seafood restaurants. The correlation between customer satisfaction, customer engagement, and customer loyalty also strong. It indicated strong correlation between each dimennsion.

Keywords : service quality, customer satisfaction, customer engagement, customer loyalty, D’Cost Seafood restaurant

Introduction

Indonesia with its diversity had become a place of interest for many people around the world. Even with all the diversity amongst us, Indonesians never lost their unity and sense of belonging to their country. It was a good investment for Indonesia to introduce their strengths and beauty to the world because as we knew, Indonesia was a country with a strong cultural heritage that might not be able to be seen in other countries. There were many aspects of Indonesia that are unique compared to other countries including the multiple languages, songs, dances, religions, heritage buildings, and food. Indonesian

food was one of the examples of how Indonesia can make it a power to differentiate itself from other countries. Indonesian food in each province was distinct with their own tastes and stories. It also became the strength of Indonesia as a country whose culinary standpoint is rich in diversity. Restaurant as a business entity always related to customers. Customers are the main income of restaurants to grow and developed. Restaurants needed to make their customers comfortable and happy with the services, price, and also the product. Loyal customers came from experiences. It was important for restaurants to give their customers best experience. It would help customers to be loyal with D'Cost Seafood. This also happen to D'Cost Seafood as a restaurant. D'Cost Seafood needed to know more about their customer point of view and experience in their branches. D'Cost Seafood also needed to focus more on their service quality. Service quality was important to make customers satisfied. Restaurant related closely to customers. No doubt restaurant like D'Cost Seafood must increase their awareness about customer satisfaction. It would help company to have brief description about customer perception with their services at the moment. Customer could help company to determine what kind of strategy that suitable for the restaurant. Interview with D'Cost customers could be useful insight for company.

The objectives of this research were:

1. Identified the characteristics of D'Cost Seafood restaurant customers
2. Analyzed the D'Cost Seafood customer satisfaction regarding to service quality, price, and product quality.
3. Analyzed the correlation between customer satisfaction, customer engagement, and customer loyalty.

Methods

This research used customers satisfaction and customer loyalty model from Zeithaml, Bitner, and Gremler (2006). In this model, there were factors affected customer satisfaction which was service quality, product quality, price, and customer engagement. The framework of this research could be seen in figure 3.1.

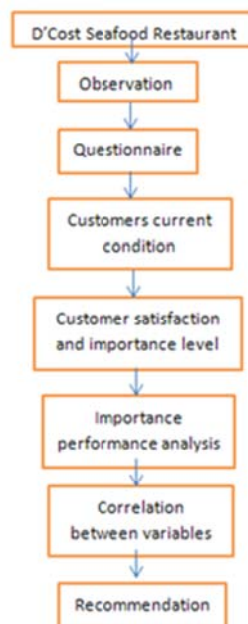


Figure 3.1 Research Framework

This research was conducted at D'Cost Seafood Bandung. There were two D'Cost Seafood restaurants in Bandung that would be conducted in this research. The location were in Bandung Indah Plaza mall, Setiabudi. The timing of research was conducted in April to August 2014. Data were collected through questionnaires, interviews, and observation in the company. Data required in this study is primary data and secondary data.

The data would be obtained through interviews to the customer of D'Cost Seafood restaurant by questionnaires that have been prepared. The data contained in the questionnaire would be divided into four parts. The first part was screening, the second part was identity of customer, the third part was customer satisfaction, the fourth part was customer engagement, and the fifth part was customer loyalty of D'Cost Seafood restaurant customer.

Questionnaire validity was tested in order to know how instruments measure what you want to measure. Validity test performed used Pearson Product Moment. The calculation formula was:

$$r = \frac{N(\sum XY) - (\sum X \sum Y)}{\sqrt{\{(N\sum X^2) - (\sum X)^2\} \{(N\sum Y^2) - (\sum Y)^2\}}}$$

where:

r = realibility Coefficients

N = number of respondents

X = Score of each question

Y = Total Score

Based on calculation, if r-count greater than r-table means the questionnaire was valid.

Realibility test indicates how far a measurement tool trustworthy or reliable. When a measurement tool used twice for the same measure and products a relatively consistent measurement, the measuring device is said to be eligible. Realibility test could be tested with Alpha Cronbach technique.

The Alpha Cronbach technique formula was:

$$r = \frac{k-1}{k} \left[\frac{1 - \sum s^2 t}{s^2} \right]$$

$$S^2 t = \frac{\sum X^2 t - \left(\frac{\sum X t}{n} \right)^2}{n}$$

Where :

r = realibility coefficient

k = the mean squares between subjects

X²t = The mean squared error

S²t = total variety

= Sum of squares subject to the questions

Based on calculations, if r-count was greater than r-table, the questionnaire stated reliably.

The method used to analyze data on the quality level of customer satisfaction D'Cost Seafood restaurant was Importance and Performance Analysis (IPA). This method determines whether or not the attributes considered important by customers and whether the attributes satisfy the consumer or not. So that priorities could increase performance for each attribute. Prioritization of performance improvement was only determined the relative value, which was the value of the average rate of interest and satisfaction, without consider the company's resources and capabilities to perform the performance improvement.

Importance Performance Analysis (IPA) used to obtain information about the level of customer satisfaction against D'Cost Seafood restaurant by measuring the level of interest and it was

implementations. Level of importance of D'Cost Seafood restaurant was just how important a variable product for customer toward the product performance.

Five levels Likert Scale used to measure the importance level, which was very important, important, quite important, less important, and not important.

Importance level and implementation level of each variable for all respondents had been known, the next step was to map the result of the calculations have been obtained into the Cartesian diagram. Each of attributes positioned in a diagram, where the average score of performance level (X) indicates the position of an attributes on the X axis, while the Y axis attributes position, shown by an average score of importance level towards the attributes (Y).

$$\bar{X}_i = \frac{\sum X_i}{n}$$

$$\bar{Y}_i = \frac{\sum Y_i}{n}$$

Where:

= Average score of i attributes

= Average score of i attributes

n = Number of respondents

Cartesian diagram was a diagram consisting of a four part limited by two perpendicular lines that intersect at the point X and Y, where X was a weighted average of the performance levels of the product attributes, while Y was the average of the importance levels of all factors that affect customers satisfaction. The formula was:

$$\bar{X} = \frac{\sum_{i=1}^K \bar{X}_i}{K}$$

$$\bar{Y} = \frac{\sum_{i=1}^K \bar{Y}_i}{K}$$

Where:

K = number of attributes that could influence customer satisfaction.

Correlation analysis used to determine the degree of linear relationship between the variables with other variables. The correlation coefficient expressed by X sign, a coefficient indicates the direction and strength of the relationship between two variables. The value of r could be varied between -1 to +1 or can be expressed by $-1 \leq r \leq +1$. Analysis tool used was the Pearson correlation that was processed with the Microsoft Statistical for Social Science (SPSS) version 13 for Windows.

The formula of this correlation test :

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{[n \sum x^2 - (\sum x^2)]^{1/2} [n \sum y^2 - (\sum y^2)]^{1/2}}$$

Based on survey result and analysis, the overall conclusions of this study were as follows :

1. Customers of D'Cost Seafood restaurant characteristics in term of gender were dominated by male (57%), age of customers were dominated by 17-25 years old (50%), educational level of customers were dominated by bachelor degree (50%), occupation of customers were dominated by students (47%), average expenditure were dominated by Rp 1,000,000 – Rp 2,000,000 (35%) and Rp 2,000,000 – Rp 3,000,000 (34%), house location of customers were dominated by East Bandung (28%), customers references about D'Cost were dominated by friends (55%), customers went to D'Cost were dominated by friends (56%), visiting frequency a month were dominated by one times (59%), reasons choosing D'Cost were dominated by price (59%),.

2. Customer satisfaction level measurement scores was 3,55. Service quality dimension average scores was 3.55, reliability dimension average score was 3.75, responsiveness dimension average score was 3.43, assurance dimension average score was 3.46, empathy dimension average score was 3.31, tangible dimension average score was 3.64, price dimension average score was 3.48, product quality dimension average score was 3.72, customer satisfaction average score was 3.46.
3. Customer importance level measurement scores was 4.04. Service quality dimension average scores was 3.99, reliability dimension average score was 4.15, responsiveness dimension average score was 4.10, assurance dimension average score was 4.06, empathy dimension average score was 3.76, tangible dimension average score was 4.01, price dimension average score was 3.92, product quality dimension average score was 4.25, customer satisfaction average score was 4.15.
4. Based on Pearson Correlation that has been done, it could be seen that the correlation between customer satisfaction and customer loyalty was 0,666 considered as strong correlation, correlation between customer satisfaction and customer engagement was 0,707 considered as strong correlation, correlation between customer loyalty and customer engagement was 0,829 considered as very strong correlation, correlation between customer satisfaction and service quality was 0,649 considered as strong correlation, correlation between customer satisfaction and product quality was 0,8 considered as very strong correlation, correlation between customer satisfaction and price was 0,499 considered as quite strong enough correlation, correlation between service quality and reliability was 0,638 considered as strong correlation, correlation between service quality and responsiveness was 0,617 considered as strong correlation, correlation between service quality and assurance was 0,580 considered as strong correlation, correlation between service quality and empathy was 0,595 considered as strong correlation, correlation between service quality and tangible was 0,626 considered as strong correlation.

The uniqueness of D'Cost Seafood restaurant were:

- Pricing strategy that cheaper than the other seafood restaurant.
- Fresh and warm seafood with fast serving quality.
- Membership program using phone number as an ID.
- Technologies that used by the employee to record the customer order, IPAD.
- Information System using internet that could make the information of what customer ordered received faster in the kitchen.
- Customers could complaint using text messages.
- Age discount. Customer would get discount based on their age. Older customer would get more discount.
- Group discount. Ten person in a group would get 10% discount, 30 person in a group would get 30% discount.
- Up to you price. Customers who paid by credit card would pay and eat as customer desired.
- Pay by SMS. Membership program which would make the customers easier to pay without cash and get 10% discount every transaction.
- Pay after pregnant. D'cost Seafood would allow new couple to pay after wife got pregnant.

Those were several uniqueness of D'Cost Seafood restaurant. From the description above, it could be seen that the uniqueness that D'Cost Seafood deliver to customer focused on their service and price. D'Cost Seafood wanted to fulfill their promises in their tagline "Mutu Bintang Lima, Harga Kaki Lima". Unique marketing strategy would make customers promoted D'Cost Seafood (word of mouth).

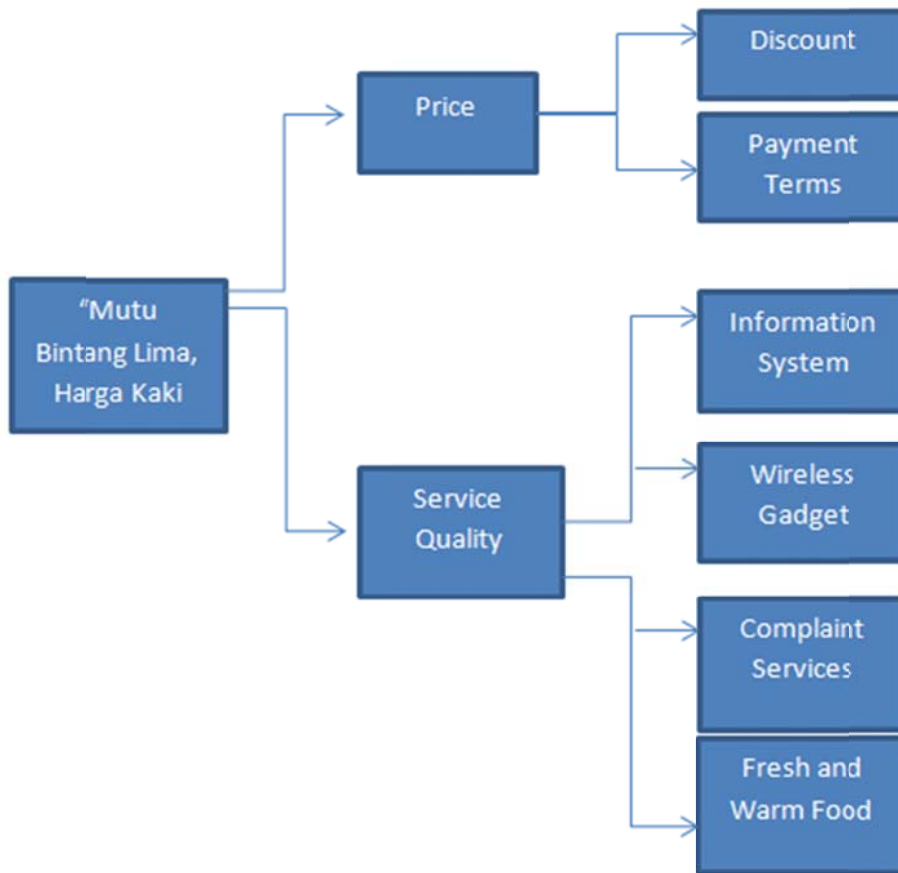


Figure 4.14 "Mutu Bintang Lima, Harga Kaki Lima"

Recommendation

1. Based on Importance Performance Analysis (IPA) result, attributes that became top priority in Quadrant I are food proportion appropriate with customers, employees had willingness to help customers, company accept critics and recommendation, company handle customers complaint immidietly, food and drinks at the menu always available, restaurant atmosphere made customers comfortable. All of these attributes needed to be improved by D'Cost Seafood restaurant. Customers considered that all of those attributes was important but had low level of performance.
2. D'Cost Seafood could be more active in social media and website. D'Cost could use twitter, facebook, path, and instagram to start engage with their customer. It could made their existence amongst its customer improved.
3. Company should allign their strategies with their tagline. It was proven that customers satisfied with their price and quality. D'Cost needed to mantaince their performance and improved it to made them lead amongst the competitors.
4. D'Cost Seafood needed to carry out customer satisfaction measurement periodically. It was important to see cutomers needs that might be change by time. It would improved D'Cost Seafood readiness to challange the change.

5. Empathy needed to improved by D'Cost Seafood restaurant. D'Cost needed to gave customers special attention more. D'Cost needed to know their customer personally.
6. D'Cost Seafood restaurant needed to make more unique marketing activity that focused on their service quality and price. They could make more unique discount and also unique services quality.

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