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CONTRIBUTION OF SERVICE QUALITY AND CUSTOMER SATISFACTION TO CUSTOMER LOYALTY PDAM TIRTANADI MEDAN SUNGGAL BRANCH

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ABSTRACT

Customer complaints at PDAM Tirtanadi Medan Sunggal Branch, is the basis of the formulation of the following problems: How the contribution of service quality and customer satisfaction to customer loyalty, either partially or simultaneously. The purpose of research to determine the percentage of contribution in partial and simultaneous service quality and customer satisfaction to customer loyalty. Benefit of research that is as one of input for company management in improving service quality; Adding reference in the context of service quality, customer satisfaction, and customer loyalty. The primary data collected is from 96 customers. Samples were taken randomly from a population of 2400 customers. Validity and reliability of instruments and normality of data are tested. Processed by path analysis technique with structural equation: $Y = \rho_{YX_1}X_1 + \rho_{YX_2}X_2 + \rho_{Y\epsilon}$. The three constructs studied are service quality and customer satisfaction is exogenous construct. Customer loyalty is endogenous construct. Service quality partially contributes to customer loyalty $(\rho_{YX_1})^2$ of 0.76%; Customer satisfaction (X_2) partially contributes to customer loyalty $(\rho_{YX_2})^2$ of 12.60%; Service Quality (X_1) and customer satisfaction (X_2) simultaneously contribute to customer loyalty $(R^2_{YX_1X_2})$ of 16.1%. The remaining 83.9% is influenced by other factors that can not be explained in this study; The correlation between X_1 and X_2 is relatively weak at 0.401. PDAM is expected to prioritize policies in satisfying customers; It should be noted that factors outside the two variables above that greatly contribute to customer loyalty.

Keywords: *Contribution, Customer Loyalty, Customer Satisfaction, Service Quality*