

**EXAMINING THE EFFECT OF RETAIL SERVICE QUALITY
DIMENSIONS ON CUSTOMER SATISFACTION AND LOYALTY**

(A Case Study of Toko Progo Yogyakarta)

THESIS

**Presented as Partial Fulfillment of the Requirements For the Degree of
Sarjana Ekonomi (S1) in Management Program Faculty of Economics
University of Atma Jaya Yogyakarta**



Compiled by:

Yulia Martha

Student ID Number: 07 12 16870

FACULTY OF ECONOMIC

ATMA JAYA YOGYAKARTA UNIVERSITY

MARCH 2016

THESIS

EXAMINING THE EFFECT OF RETAIL SERVICE QUALITY DIMENSIONS ON CUSTOMER SATISFACTION AND LOYALTY

(A Case Study of Toko Progo Yogyakarta)

I hereby recommend that the thesis prepared under my supervision by:

Yulia Martha

07 12 16870

Be accepted as partial fulfillment of the requirements for Degree of Sarjana Ekonomi
(S1) in Management Program.

Advisor



Drs., Gunawan Jiwanto., MBA.

Yogyakarta, March 15th, 2016

This is to certify that the thesis entitled

**EXAMINING THE EFFECT OF RETAIL SERVICE QUALITY DIMENSIONS ON
CUSTOMER SATISFACTION AND LOYALTY**

(A Case Study of Toko Progo Yogyakarta)

Presented by

Yulia Martha

07 12 16870

Has been defended and accepted on April 13, 2016 towards fulfillment of the requirements
for the Degree of Sarjana Ekonomi (S1)

In International Business Management Program

Faculty of Economics, University of Atma Jaya Yogyakarta

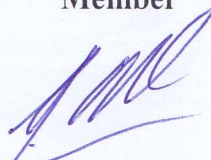
Examination Committee

Chairman




Mahestu N. Krisjanti, MSc. IB., Ph.D.

Member



Drs. Gunawan Jiwanto, MBA.



Nadia Nila Sari, SE., MBA.

Yogyakarta, April 13, 2016

Dean



Drs. Budi Suprpto, M.B.A., Ph.D.

STATEMENT OF THESIS AUTHENTICITY

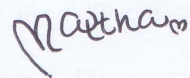
I am Yulia Martha hereby declare that I compiled this thesis with the following title:

EXAMINING THE EFFECT OF RETAIL SERVICE QUALITY DIMENSIONS ON CUSTOMER SATISFACTION AND LOYALTY

(A Case Study of Toko Progo Yogyakarta)

is really my own thinking and writing. I fully acknowledge that my writing does not contain others' or part(s) of others' writing, except for those that hev been cited and mentioned in the references.

Yogyakarta, March 15th, 2016



Yulia Martha

ACKNOWLEDGEMENT

I thank God for His guidance and blessings through my ups and downs finishing this final paper. This paper could be finished by the help and support of many people which been encouraging me in the making of this paper and involved in this thesis process, and might not be able to mention one by one. For those reasons, the author would like to thank:

1. Jesus Christ who has been guiding and blessing me in the making of this thesis, and also through my life.
2. Drs. Gunawan Jiwanto, MBA. The one I respect, who has been so kind and patient in advising, inspiring and encouraging me through the thesis process and for providing me with all the necessary information.
3. My husband, Aldo, thank you for the love, trust, support, advise, faith, courage, motivation, and help through all the way and for always be there when things are hard.
4. Papa (in heaven), Mama, Mak Eris, Mak Nek. Thank you for your unconditional love, you are my rocks.
5. Mpek Bie, Mpek Tjiang, Cie Melda, Cie Maria, Cie Vivi, Cie Vera, Cie Lia, thank you for your love.
6. Cie Della & Ko Adi, Yolla & Randy, thank you for giving me ideas.
7. My classmates in International Management. Caroline, Ayu, Grace, Steffi, Mima, Yohan, Willie, Ryo, Edwin, Nia, Albert, Aswin, Marina, Dega, April, Niken, Prita, Silvie. Thank you for the fun times together and for helping me reaching to this point.
8. My friends in UAJY. Nella, Putri, Feli, Wenny, Gugun. Thank you for the friendships.

9. My boarding house friends, Devina, Manda, Angel, Lala, Rolanda, Cie Yana, Cie Ipit, Cie Melisa, Cie Elen, Yunita, Silvie, Riri, Bella, Myra, Meli, Novita, Dhevika, Novia, Melina, Happy. Thank you for sharing so many memories as housemates.
10. All of the lectures in Economic Faculty whose been sharing so much information and knowledge. It means a lot for me.
11. All of the contributors who were involved in the thesis process and giving great deals of constructive feedback and comments.

The author realized that there are still a lot of mistakes and flaws in this thesis, thus the author apologize before. Suggestions and comments are welcome for the improvement of the thesis. The author hopes this thesis will help the case company as well as other interested readers in improving market strategies.

Yogyakarta, March 15th, 2016

Author

Yulia Martha

Motto

“To be the best, you must be able to handle the worst.”

(Wilson Kanadi)

“Neither fire nor wind, birth nor death can erase our good deeds.”

(Buddha)

“Everything you go through grows you.”

(Anonymous)

**EXAMINING THE EFFECT OF RETAIL SERVICE QUALITY DIMENSIONS ON
CUSTOMER SATISFACTION AND LOYALTY: THE CASE OF TOKO PROGO
YOGYAKARTA**

Compiled by:

Yulia Martha

Student ID Number: 07 12 16870

Advisor: Drs. Gunawan Jiwanto, MBA

ABSTRACT

The market range of retailers extends rapidly and continuously, and the level of competition is also higher and advanced. The recent market place has become more competitive as customers continually expect retailers to exceed their increasing expectations. To face such a changeable and aggressive environment, one of the effective strategies is to do improvements. Based on those facts, Toko Progo needs a research as a review of its service quality. This study intends to explore the findings of customer satisfaction towards loyalty. The main research questions are: (1) Physical aspects (service quality dimension) affect customer satisfaction. (2) Reliability (service quality dimension) affect customer satisfaction. (3) Personal interaction (service quality dimension) affect customer satisfaction. (4) Problem solving (service quality dimension) affect customer satisfaction. (5) Policy (service quality dimension) affect customer satisfaction. (6) To find out whether the differences of consumers' gender, age, and occupation affect consumers' perception about store design and service quality affects store loyalty.

This thesis is based on using quantitative analysis by questionnaires. Based on the results of hypothesis testing using multiple linear regression and simple linear regression, showed Physical Aspects, Reliability, Personal Interaction, Problem Solving, Policy affect positively toward Customer Satisfaction and Customer Satisfaction affect positively towards Store Loyalty.

Key words: customer satisfaction, store loyalty



CONTENTS

CHAPTER I : INTRODUCTION

1.1. Background.....	1
1.2. Problem Definition.....	2
1.3. Research Limitation.....	3
1.4. Objectives and Benefits of the Study.....	3
1.4.1. Objectives of the Study.....	4
1.4.2. Benefits of the Study.....	4
1.5. Writing Structure.....	4

CHAPTER II : THEORETICAL BACKGROUND

2.1. Retailing.....	6
2.2. Customer Satisfaction.....	6
2.3. Service Quality.....	6
2.4. Conceptual Model.....	9

CHAPTER III : RESEARCH METHODOLOGY

3.1. Sources of Data.....	10
3.2. Population and Sampling Method.....	11
3.3. Data Measurement Method.....	11
3.4. Validity and Reliability Test.....	12
3.6. Hypothesis.....	13

CHAPTER IV : RESULTS AND DISCUSSION

4.1. Profile of Respondents.....	20
4.2. Validity and Reliability Test.....	22
4.3. Statistics Description.....	27
4.3. Hypothesis Testing.....	29
4.3.1. Influence of Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy toward Customer Satisfaction.....	30
4.3.1.1. Relationship between Physical Aspects towards Customer Satisfaction.....	30
4.3.1.2. Relationship between Reliability towards Customer Satisfaction.....	31
4.3.1.3. Relationship between Personal Interaction towards Customer Satisfaction.....	31
4.3.1.4. Relationship between Problem Solving towards Customer Satisfaction.....	31
4.3.1.5. Relationship between Policy towards Customer Satisfaction.....	32
4.3.2. Effect of Customer Satisfaction towards Store Loyalty...	32
4.4. Discussion.....	33

CHAPTER V : CONCLUSIONS & RECOMMENDATIONS

5.1. Conclusions.....	38
5.2. Research Limitations.....	40

5.3. Suggestion.....	36
----------------------	----

APPENDIXES.....	42
-----------------	----

REFERENCES.....	57
-----------------	----

List of Table

Data Measurement Method	11
Frequency Distribution of Gender	20
Frequency Distribution of Age	21
Frequency Distribution Address	21
Frequency Distribution Jobs	22
Validity and Reliability Test	23
Results Descriptive Analysis	28
Test Results H1 - H5	30
H6 Test Results	32
Summary Results of Hypothesis Testing	33