

**THE IMPACT OF SERVICE QUALITY TOWARD CUSTOMER LOYALTY
THROUGH CUSTOMER SATISFACTION AND TRUST AS A MEDIATING
VARIABLE**

(Case Study R+ & RD Dental Clinic Yogyakarta)

A THESIS

Presented as Partial Fulfillment of the Requirements
to Obtain the Bachelor Degree in Management Department



By:

MUHAMMAD RASIS LASADIKA

Student Number: 12311485

DEPARTMENT OF MANAGEMENT
INTERNATIONAL PROGRAM
FACULTY OF ECONOMICS
UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA

2018

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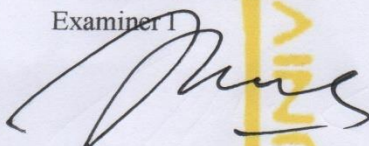
MUHAMMAD RASIS LASADIKA

Student Number: 12311485

Defended before the Board of Examiners
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Examiner I

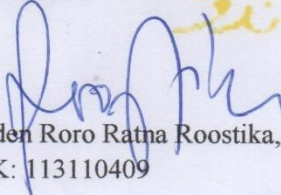


Anas Hidayat, Drs., M.B.A., Ph.D.

NIK: 88311010

February 14th, 2018

Examiner II



Raden Roro Ratna Roostika, S.E., MAC., Ph.D.

NIK: 113110409

February 14th, 2018

Yogyakarta, February 14th, 2018

International Program
Faculty of Economics
Universitas Islam Indonesia
Dean



(Dwiprptono Agus Harjito, Dr., Drs., M.Si.)

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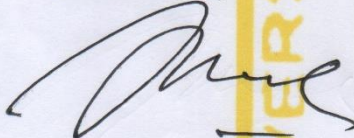
Written By:

MUHAMMAD RASIS LASADIKA

Student Number: 12311485

Approved by

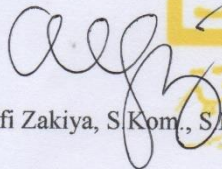
Content Advisor,



Anas Hidayat, Drs., M.B.A., Ph.D.

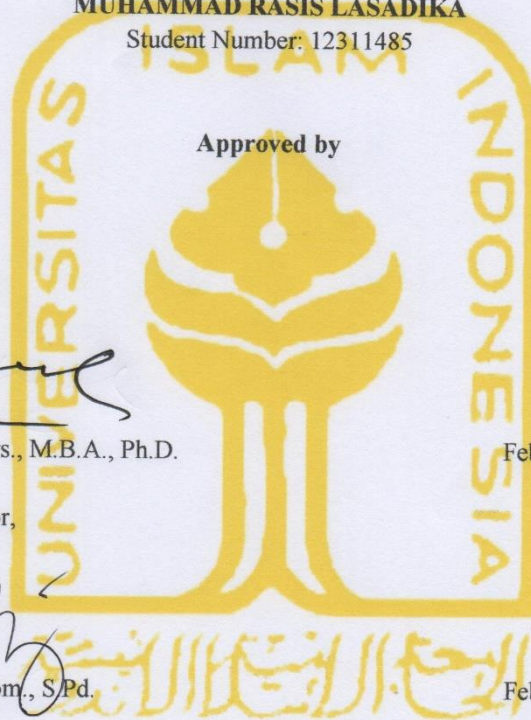
February 14th, 2018

Language Advisor,



Alfi Zakiya, S.Kom., S.Pd.

February 14th, 2018



DECLARATION OF AUTHENTICITY

Herein, I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, January 29th, 2018

Muhammad Rasis Lasadika

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(Case Study R+ and RD Dental Clinic, Yogyakarta)

Muhammad Rasis Lasadika
Faculty of Economics, Universitas Islam Indonesia
lasadikarasis@gmail.com

ABSTRACT

The service industry currently is a very large sector of the economy and grow rapidly. The growth was caused by the growth of pre-existing services due to the emergence of new types of services. One of the services which was currently undergoing rapid development was dental clinic. The development led to tight competition between companies and requires company doing a wide variety of ways to satisfy the customer that created customer loyalty. The purpose of the research was to identify the influence of service quality to the customer satisfaction and trust toward customer loyalty. This research was conducted to determine the influence of the quality of service on the satisfaction, trust and loyalty of customers. The Data used primary data obtained from the results of questionnaire on 145 respondents. Population and samples of this study were customers who come to R + and RD Dental Clinic, Yogyakarta. In this research, analysis technique used structural equation modelling (SEM) analyzed with the help of AMOS, considering the conceptual model of this research have one independent variable, two mediating variable, and one dependent variable. The result of this study found that there were positive and significant impact of service quality toward customer loyalty through customer satisfaction and trust.

Key words: Service Quality, Dental clinic, Customer Loyalty, Customer Satisfaction

**DAMPAK DARI KUALITAS SERVIS TERHADAP LOYALITAS
PELANGGAN MELALUI KEPUASAN PELANGGAN DAN
KEPERCAYAAN SEBAGAI VARIABEL MEDIASI
(Case Study R+ and RD Dental Clinic, Yogyakarta)**

Muhammad Rasis Lasadika
Faculty of Economics and Business Universitas Islam Indonesia
lasadikarasis@gmail.com

ABSTRAK

Industri jasa saat ini adalah sektor ekonomi yang sangat luas dan tumbuh pesat. Pertumbuhan tersebut disebabkan oleh pertumbuhan layanan yang sudah ada karena munculnya jenis layanan baru. Salah satu layanan rumah tangga yang saat ini sedang mengalami perkembangan pesat adalah klinik gigi. Perkembangan tersebut menyebabkan persaingan yang ketat antara perusahaan dan mengharuskan perusahaan melakukan berbagai macam cara untuk memuaskan pelanggan yang menciptakan loyalitas pelanggan. Tujuan dari penelitian ini adalah untuk mengetahui pengaruh kualitas pelayanan terhadap kesetiaan pelanggan melalui kepuasan pelanggan dan kepercayaan. Penelitian ini dilakukan untuk mengetahui pengaruh kualitas pelayanan terhadap kepuasan, kesetiaan, dan loyalitas pelanggan. Data yang digunakan adalah data primer yang diperoleh dari hasil kuesioner terhadap 145 responden. Populasi dan sampel penelitian ini adalah konsumen yang datang ke Klinik R + Dental Condong Catur, Yogyakarta. Analisis teknis yang digunakan dalam penelitian ini adalah menggunakan analisis pemodelan persamaan struktural (SEM) dengan menggunakan alat AMOS, dengan mempertimbangkan model konseptual penelitian ini memiliki satu variabel independen, dua variabel mediasi, dan satu variabel dependen. Hasil dari penelitian ini menemukan bahwa terdapat hasil positif dan signifikan dari kualitas layanan terhadap loyalitas pelanggan melalui kepuasan pelanggan dan kepercayaan dari pelanggan.

Kata kunci: Kualitas Layanan, Klinik gigi, Kesetiaan pelanggan, Kepuasan pelanggan.

CHAPTER I

INTRODUCTION

1.1 Background

The development of the world increase rapidly. Human needs are increasing every day. The need for health that was not initially considered important at this time becomes very important and has become one of the basic human needs. Awareness of the health is important nowadays because it is one of the things that support human activities every day. If a person is not healthy, their daily activities will be disrupted and will not run properly. Health sector is the main service sector in various countries because it plays a vital role in maintaining and improving public health to achieve the goals of a country. Health industry is also included in service industry. Today the healthcare services industry is one of the promising business opportunities with high competition and fast growth.

The growing number of places of health care providers such as hospitals, dental clinics, beauty clinics etc. is one proof that business in health is promising. Response from producers is also very positive and they also have been able to see business opportunities from community who needs health care services. Alongside with the competition that increasing intensely in this business sector. Many private hospitals and dental clinics are trying to attract as many customers as possible by improving their services.

According to Caruana (2002), nowadays, where people are hardly to satisfy, the demand to a satisfying service is even more challenging. When it comes to

marketing, the main goal of the entire marketing strategy is to achieve customer satisfaction. Today, in our modern world, customer's expectation and perception toward product and/or service change rapidly. As well as aspects on how they achieve the satisfaction of a product and/or service. Definition of service quality is the result of the comparison that customers make between their expectation about services and their perception of the way the services has been performed.

Nowadays customers become more critical and clever in selecting a brand that provides excellent service quality. Customer is the key to win the competition among other business practitioners. They tend to use the brand that they trust to avoid risk. The service firm may provide a standardized service as a commitment technique. This means, the firm is committed to guaranteeing a predetermined level of quality to their customers (Boulding and Kirmani, 1993). Trust is likely to become an important factor when the service offer is less predefined (Coelho and Henseler, 2012). Many marketing scholars have highlighted the importance of trust as a key predictor of loyalty (Sirdeshmukh et al., 2002 and Agustin & Singh, 2005). In the field of health, aspects of service quality given will affect patient satisfaction. In the healthcare service, trust is one of the central features of patient-physician relationships and is a determinant of patient satisfaction and treatment success (Kowalski et al., 2009). Quality of service can be interpreted as how good the services provided by the clinic compared with the expectations of patients. Patients who has experienced good services from a dental clinic will have an impact on patient satisfaction and increase the patient's desire for coming back to get their next treatment (Tanudjaya, 2014).

Behaviour intention is defined as the behaviour of the patient that leads to the desire to return that can be triggered by the quality of service and patient satisfaction (Maqsood et al., 2017). Service quality plays an essential part in creating customer satisfaction. The connection between service quality and customer satisfaction has been well established in service marketing literature. Many researchers have found that service quality determines significantly customer satisfaction which affects customer loyalty.

According to Srivastava (2015), customer loyalty is a multidimensional concept which consists of behavioural and attitudinal rudiments. Srivastava (2015) also defined customer loyalty as an important key to organization success and sustained competitive advantage for the service industry. Vu & Huan (2016) also stated that customer loyalty is the closest step to the repurchasing behaviour of a customer. Customer loyalty has usually been referred to as a consequence of all the experience the customer has with a service.

Customer loyalty in general can be defined as a strong commitment of the customer to re-purchase consistently favoured products / services in the future, even though the influence of the marketing situation and efforts from competitors has the potential to generate behaviour to move to another company. Customer loyalty is a continuation of customer attitudes to their satisfaction in using services provided by the company. Loyalty is a proof that customers always become customers who have a positive attitude toward the company.

Some factors that affect customer loyalty are service quality and customer satisfaction. According to Javadein, Khanlari and Estiri (2008), service quality can

be defined as a measure of how well the service delivered matched with the customer expectation. Gronroos (as cited in Javadein, Khanlari and Estiri, 2008) considered services as products requiring, to a large extent, the customer's involvement in the process of production and consumption. Also in other words, Quddus and Hudrasyah(2014)defined service quality as the evaluation of overall excellent of service, it is the whole judgement or attitude related to superiority of the service, unlike satisfaction that is only related to specific transaction. In the field of health services aspects of service quality that greatly affects patient satisfaction. In this case service quality has a strong influence on customer loyalty as expressed by Chen and Kao(2011) that the higher the level of patient or customer satisfaction,the higher the loyalty of their customers as well.

Satisfaction is an overall customer attitude or behaviour toward the difference between what customers expect and what they received regarding the fulfilment of some desires and needs. Satisfied customers are more likely to tell people about their experience in one of company service. Customer satisfaction is one of the business objectives, and can be achieved through understanding the needs of the target market and the provision of needs satisfying package in meeting and satisfying these needs at a greater extent, thus; building and maintaining long lasting and favourable relationship with the target market (Ibojo & Asabi, 2015). Customer satisfaction is one of important factors that had impact on customer loyalty. Customer satisfaction can lead to customer loyalty because people tend to be rational and tend to avoid taking risk. Thus, they might have tendency to

reduce risk and stay with the service company which they already had good experience with (Ngo & Nguyen, 2016).

Many researchers have found that service quality determines significantly customer satisfaction which, in turn, affects customer loyalty. In particular, customer satisfaction is suggested to be a mediating variable between service quality and customer loyalty. Consequently, providing high levels of service quality in order to achieve the highest customer satisfaction is regarded as the most important goal for many businesses in order to gain customer loyalty (Quddus & Hudrasyah, 2014).

In pursuing the research, researcher has decided to take health care industry, dental care clinic in particular as the interesting object. There is a rapid growth in market behaviour these days. People nowadays has started to realize how important to maintain their health especially starting from their smile.

1.2 Problem Identification

Based on the background above, this research strive to analyze service quality – tangible, reliability, assurance, empathy, and responsiveness aspects to determine the impact on customer satisfaction, including the relationship of trust which gives an impact on the customer loyalty in R+ and RD dental clinic in Yogyakarta, Indonesia.

1.3 Problem Formulation

From the background explained previously, there are ten problem statements as follow:

1. Does tangibility aspect determine customer satisfaction in R+ and RD Dental Clinic Yogyakarta?
2. Does reliability aspect determine customer satisfaction in R+ and RD Dental Clinic Yogyakarta?
3. Does assurance aspect determine customer satisfaction in R+ and RD Dental Clinic Yogyakarta?
4. Does empathy aspect determine customer satisfaction in R+ and RD Dental Clinic Yogyakarta?
5. Does responsiveness aspect determine customer satisfaction in R+ and RD Dental Clinic Yogyakarta?
6. Does the customer satisfaction determine trust in R+ and RD Dental Clinic Yogyakarta?
7. Does customer satisfaction determine customer loyalty in R+ and RD Dental Clinic Yogyakarta?
8. Does trust determine customer loyalty in R+ and RD Dental Clinic Yogyakarta?
9. Does customer satisfaction through trust determine customer loyalty in R+ and RD Dental Clinic Yogyakarta?
10. Does service quality determine customer loyalty through customer satisfaction in R+ and RD Dental Clinic Yogyakarta?

1.4 Research Objectives

There are several research objectives as follow:

1. To determine the impact of tangibility aspect on customer satisfaction in R+ and RD Dental Clinic Yogyakarta.
2. To determine the impact of reliability aspect on customer satisfaction in R+ and RD Dental Clinic Yogyakarta.
3. To determine the impact of assurance aspect on customer satisfaction in R+ and RD Dental Clinic Yogyakarta.
4. To determine the impact of empathy aspect on customer satisfaction in R+ and RD Dental Clinic Yogyakarta.
5. To determine the impact of responsiveness aspect on customer satisfaction in R+ and RD Dental Clinic Yogyakarta.
6. To determine the impact of customer satisfaction on trust in R+ and RD Dental Clinic Yogyakarta.
7. To determine the impact of customer satisfaction on customer loyalty in R+ and RD Dental Clinic Yogyakarta?
8. To determine the impact of trust on customer loyalty in R+ and RD Dental Clinic Yogyakarta?
9. To determine the impact of customer satisfaction through trust on customer loyalty in R+ and RD Dental Clinic Yogyakarta?
10. To determine the impact of service quality on customer loyalty through customer satisfaction in R+ and RD Dental Clinic Yogyakarta?

1.5 Advantages of Research

These are some advantages of this research:

1. Writer

To apply the disciplines, theories and concepts that the author has received during his study in university. The result is expected to broaden the knowledge and horizon of the writer.

2. Practitioners

As suggestions and additional information for the company on understanding the impact of service quality and customer satisfaction on trust towards customer loyalty. Thus, in the future the company can provide better service to customers and can implement the improvement program to encourage customer loyalty.

3. Students

The result of this research is intended to enhance and enrich the knowledge of every students in learning about the customer's loyalty and predict the factors behind it. This research also can be used as a reference for other researchers with similar problems or objects to develop future research.

1.6 Systematics of Writing

Systematically, this thesis consists of five chapters, in which each chapter consist of several sections. The systematics of writing is explained below:

Chapter I: Introduction

This chapter discusses about the background of the research, the problem identification, the problem formulation, research objectives, advantage of the research, and systematic of writing.

Chapter II: Literature Review

This chapter discusses about the theoretical foundation of service quality, 5 dimensions of service quality, customer satisfaction, trust, and customer loyalty. In addition, there are research hypotheses and the framework of the study provided.

Chapter III: Research Methodology

This chapter explains the models and methods used in this research, population and sample, sampling technique, the variables of the study and the testing methods used.

Chapter IV: Data Analysis and Discussion

This chapter shows data analysis and discussion of the results obtained from statistical calculations using theoretical concepts and interpretation of research on theories that already exist.

Chapter V: Conclusions and Recommendations

This chapter contains the conclusions on the results of the analysis and calculation of data obtained from the research. In addition, this chapter will also describe the weakness of the studies conducted for future research.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical review

Considering the competitive environment, there is a need for company to plan their strategies that will differentiate them from another. To survive in competitive service industry, a company should develop a new strategy to make its customers satisfied. Building customer loyalty is not an option in business, it is one way to develop a sustainable competitive excellence. The linkage among service quality, customer satisfaction, and customer loyalty give creative ideas to improve service and lead to reach a competitive excellence in a service business. In an effort to retain customers, R + and RD dental clinic must realize their customers loyalty to their company, which is an important thing in keeping loyal customers to visit their dental clinic and not move to another dental clinic.

There are many factors that influence customers to remain loyal to the company and not move to another company. In such cases, trust is likely to become an important factor when the service offered is below the expectation. Trust that has impact on credibility and credibility will eventually has impact on the customer's long-term orientation by decreasing the risk perception linked to the opportunistic behaviour of the business (Erdem, Louviere, & Swait, 2002). Another factor, such as service quality factor in general, service quality can be defined as the fulfilment effort and customer desires and the precision of delivering to compensate customer expectations (Tjiptono, 2007). Service quality

can be determined by comparing customer perceptions of the services they actually get with the actual services they expect or they want to get. If the service is received or perceived in accordance with the expectation, the quality of service felt good and satisfactory. If the received service is higher than expected, the service quality is perceived well. Otherwise, if the received service is lower than expected, service quality is perceived poorly.

Besides the service quality, other factors that can affect customer loyalty is customer satisfaction. Quddus, Syahir, and Hudrasyah (2014) concluded that satisfaction has a positive effect on customer's memory of a good or service, thus; customers will return to use the goods or services. Similarly, the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), Nuchsarapringviriya (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab, & Sembilan (2015), Ngo & Nguyen (2016) concluded that customer satisfaction has a positive effect on customer loyalty.

In the global competition that is getting more competitive, company really need customer loyalty because in this problem customer loyalty have a big role in making the company more profitable. There are several benefits for the company about the importance of maintaining customer loyalty. The advantages of customer loyalty are long-term and cumulative, meaning the longer the customer's loyalty, the greater the profit the company can get from the customer. Loyal customer will be a valuable asset to the company, loyal customer retention can also provide positive feedback for the company, and loyalty has a positive relationship with profitability (Dharmmesta, 1999).

Kotler(2000) argued that satisfied and loyal customers are an opportunity to gain new customers. On the other hand, loyal customers provide many benefits for the company, including: providing consistent buyback opportunities, expanding sales of consumed products, positive word of mouth, and reduced promotional costs in order to attract new customers.

2.1.1 Service Quality

According to Ramez (as cited in Tanudjaya, 2014), until now there is no fix definition of service quality. In general service quality is assumed as the difference between expectations and customer perceptions of what has or will be received. According to Javadein et al. (2015), service quality is defined as a measure of how well the service delivered matches with the customers expectation of the service. In the same reference, according to Gronroos (as cited in Javadein et al., 2015) he consider services as product requirement, to a large extent, the customer's involvement in the process of production and consumption, where customer's compare their expectations about the service with what they actually received.

Edvardsson and Olsson (1996) proposed service quality as a multidimensional construct and identified technical quality, integrative quality, functional quality and outcome quality as the four attributes of service quality. According to Rootman (as cited in Nuchsarapringviriyaya et al., 2006) high level of service quality will affect customer satisfaction and high level of customer satisfaction may lead to increased customer loyalty, high profitability and increased market share of business. Quddus & Hudrasyah (2014) had an

argument that service quality is identified as having a key role in the process of creating strong customer loyalty. He added that the two main ways to increase customer loyalty are to increase customer satisfaction and improve service quality. According to research conducted by Kishada and Wahab(2015), Odunlami and Matthew (2015), Nuchsarapringviriya and Faudziahhanimh (2015), Srivastava (2015), Javadein et al. (2015), Ngo & Nguyen (2016)also concluded that service quality is one of the factors that affect customer loyalty and customer satisfaction. Gronroos (1984) identified two service quality dimensions as the technical aspect that is "what" service is provided and functional aspect and "how" the service is provided. The customers perceive what he/she receives as the outcome of the process in which the resources are used, that is the technical quality.

Parasuraman, Zeithaml, & Berry (1988) developed SERVQUAL which is an advanced model for measuring service quality. In SERVQUAL there are 5 dimensions. They measured especially functional service quality through empirical studies in banking, credit card, repair and maintenance, and long-distance telephone services. The SERVQUAL Instrument measures the five dimensions of Service Quality. These five dimensions are: tangibility, reliability, responsiveness, assurance and empathy.

2.1.1.1 Tangibility

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication

materials. In this survey, on the questionnaire designed, the customers respond to the questions about the physical layout and the facilities that healthcare provider offers to its customers. Tangible services do not directly affect patients, but must go through intermediaries from doctors, nurses, and laboratory technicians (Irfan & Ijaz, 2011). However, the tangibility dimension was not found to be significant in measuring Medical Treatment Service Quality (Debata, 2013).

Lertwannawit and Gulid (2011) assessed the relationship among service quality, value, satisfaction, and brand trust on the customer loyalty of international tourists acting as medical tourists toward private hospital medical services in Bangkok and Metropolitan area. The result indicated that service quality has an indirect effect on behavioural loyalty. According to McDougall & Snetsinger (1990) tangibility has both physical and mental component. In a hospital service quality context, tangibility refers to the hospital's physical environment and diagnostic functional quality and good communication. Consequently, it can be hypothesized that:

H1: Tangibility aspect has positive impact toward customer satisfaction.

2.1.1.2 Reliability

Reliability is the ability to perform the promised service dependably and accurately (Irfan, Ijaz, & Farooq, 2012). Reliability means that the company delivers its promises about delivery, service provision, problem resolutions and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. All companies need to be aware of customer expectation of reliability. Firms that

do not provide the core service that customers think will get. Reliability refers to the ability to deliver expected standard at all time, how the organization handle customer services problem, performing right services for the first time, providing services within promised time and maintaining errors.

Consistency refers to uniformity or compatibility between service and medical treatment. This means that the quality is always the same, doing things in the same way and having the same standards. Frei, Kalakota, Leone, & Marx, (1999) suggested that service quality should include uniformity of service output around an ideal target value determined by customers. Reliability is defined as the ability to perform the required service to customers and accurately as promised to be delivered (Zeithaml, Parasuraman, & Berry, 1990). Along with the considerations above, the hypothesis as follow:

H2: Reliability aspect has positive impact toward customer satisfaction.

2.1.1.3 Assurance

Assurance is defined as the knowledge and good manners or courtesy of employees (Van Iwaarden et al., 2003). Further, it is also defined as the ability of employees with the help of the knowledge possessed to inspire trust and confidence that will strongly strike the level of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1988). In healthcare services provided to the customer, assurance means providing health assistance in a polite and friendly manner, continuous reminder of monthly treatment, comfort or convenience inside the clinic, a well experienced and professional management team and will have favorable outcomes on customer satisfaction. In the Anderson

&Zwelling(1996), reliability had the greatest effect on service quality. The above arguments will lead to the development of the following hypotheses:

H3: Assurance aspect has positive impact toward customer satisfaction.

2.1.1.4 Empathy

Empathy is defined as the ability to take care of customer's attention individually in providing service to customers (Van Iwaarden et al., 2003). Further, this research gave understanding on customer expectations better than competitors in providing the required customer service at any time without any inconvenience that will strongly influence the level of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1988). Dimensions of empathy includes communication, attention and understanding of customer needs. Convenient working hours, individualized attention, better understanding of customer's specific needs, enhanced communication between management and customers will have a positive outcome on customer satisfaction. Papanikolaou and Zygiaris (2012) also stated a research which concluded that empathy was the most important element. The above literature review will lead to the development of the following hypotheses:

H4: Empathy aspect has positive impact toward customer satisfaction.

2.1.1.5 Responsiveness

Zeithaml, Parasuraman, & Berry (1990) defined responsiveness as the interests shown in providing prompt service to customers when required. Further, this research showed the willingness or readiness of employees to provide the required customer service without any inconvenience at any time will strongly

influence the level of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1988). Responsiveness had a considerable influence on service quality. Dental care should consider the employee responsiveness in treating the customer. This dimension is focused on care processes, whereby patients expect that employees are available when needed and interested in solving quickly their problems.

An important item in the responsiveness dimension was the time between patient examination and treatment; due mainly to the highly specialized clinic wards; i.e. if a patient needs more than one dental service then he/she is referred to a ward to set an examination date and time. Dental manager should schedule and time service delivery appropriately. Also, they should provide opportunities for employees to deliver services to the patient's satisfaction. Another research results concludes that responsiveness has an effect on customer satisfaction (Gunawan & Djati, 2011). Thus, one hypothesis is conceivably proposed as follows:

H5: Responsiveness aspect has positive impact toward customer satisfaction.

2.1.2 Customer Satisfaction

According to Rahim et al. (as cited in Ibojo & Asabi, 2015), customer satisfaction is a critical focus for effective marketing programs. Oliver (as cited in Ibojo & Asabi, 2015) viewed the fact that customer satisfaction remains a worthy pursuit among the customer marketing community. Ibojo & Asabi(2015) stated that customer satisfaction is a collective outcome of

perception, evaluation and psychological reactions to the consumption experience with a product or service. Customer satisfaction is regarded as how customers can get more benefits than their cost (Ibojo & Asabi, 2015).

According to Nuchsarapringviriyaya et al.(2006), customer satisfaction is an important factor for firms. In the high levels of competition, many firms are trying to increase their customer satisfaction (Tanudjaya, 2014). Increasing customer satisfaction decreases customer complaints, increases repurchase intentions, gets higher future profitability and leads to better financial performance. According to Rust, Zahorik, & Keiningham (1994), customer satisfaction is the individual perception on the performance of the service in relation to the customer expectation. Customer satisfaction can be built through the quality of service (Nuchsarapringviriyaya et al., 2006). Service quality is one of the major factors that influence the long term profitability of an organization. Hence, perceived high level of service quality can increase customer satisfaction and can get high revenue for the firm (Zeithaml et al.as cited in Srivastava, 2015).

In the healthcare industry, patient satisfaction is an important component in addition to measure the quality of the service, also affect positively the patient trust (Aliman & Mohamad, 2013). Therefore, the quality of service is a variable that affects customer satisfaction. Thus, this study defined customer satisfaction as the customer judgment that service feature provided a pleasurable level of consumption related with fulfillment, including levels of under or over fulfillment as defined by Oliver (as cited in Nuchsarapringviriyaya

et al. 2006). Customer's satisfaction, leads to customer's loyalty, recommendation and repeat purchase (Wilson et al., 2008).

Customer satisfaction is it's seen in general is the result of the situation i.e. before, during and after treatment. Quality of healthcare, physician and patient communication quality, length of time in waiting for the services, quality and quantity of medical equipment, quality of clinical environment and maintenance costs affect patient satisfaction (Tang, 2013). Patient satisfaction has become one good service quality indicators and is the key to success in the field of services health. Patient satisfaction is related to fulfillment of patient choice and expectation. In health industry or health services, satisfaction of the patient is an important component besides to measure the quality of care, but also can positively influence trust patients (Aliman and Mohamad, 2013).

Empirical studies in several sectors that had been done by Tanudjaya (2014), Quddus and Hudrasyah (2014), Ngo & Nguyen(2016) indicate that there is a strong relationship between customer satisfaction and customer loyalty. Based on the above explanation, the hypothesis as follows is:

H6: Customer satisfaction has positive impact toward trust.

H7: Customer satisfaction has positive impact toward customer loyalty

2.1.3 Trust

Trust is one of the important factors in many transactional activities. For instance, in the commitment-trust relationship marketing literature by (Ied, 2011), we can say one party trusts other party if they have a confidential feeling from each other in a partnership's reliability and integrity (Morgan & Hunt,

1994). From the other perspective, trust can be described as a measurement of willingness to believe in a user based on its competence, such as goodness, strength, and ability (Yuan, 2010).

Trust is the foundation of long-term relationships and an important factor of relationship commitments (Sirdeshmukh et al., 2002). Morgan and Hunt (1994) expressed that relationship commitment is willing to be placed with the greatest effort, as it is an important factor in trust and maintaining relationships among trading partners. When one party perceives that the relationship is important, a relationship commitment exists. In the case of healthcare especially in dental clinic, Hall, Jaffe, & Trajtenberg (2005) explained that those who have trust have an expectation that the trusted person will have good will towards them and competence in the domain in which he or she is trusted (or care with someone entrusted). Customer or patients with high trust will tend to lead another customer through positive word-of-mouth. According to Soares, Pinho, and Nobre (as cited in Mortazavi, Esfidani, & Barzoki, 2014), trust has a positive impact on word-of-mouth and on the information exchange toward certain product or services.

Gremler et al. (2001) found that trust has a positive effect on recommendation. In a healthcare research, Crutchfield and Morgan (2010) discovered that trust will positively impact the patient's willingness to recommend the doctor to other patients. Different from other services, consumers are more likely to rely on the recommendations of others in the healthcare services (Murray, 1991). In the high-contact services such as legal

and healthcare services, consumers tend to rely on other people's recommendations (Gremler and Brown, 1999; Hausman, 2003).

Trust is a key of mediating variable in the development of marketing relationships and exists "when one party has confidence in an exchange partner's reliability and integrity" (Morgan & Hunt, 1994). In a customer-oriented context, trust reduces the uncertainty in their mind which customers feel vulnerable because they know they can rely on the trusted brand. The concept of trust and commitment are predicted to be associated because trust is an important factor in marketing relationships and commitment is also reserved for such valued exchange relationships. Further, customer loyalty can be identified by the levels of trust that is indicated by the customer who are willing to have a long relationship with some brand or firm. Thus, based on the explanation above the hypothesis is as follows:

H8: Trust has positive impact toward customer loyalty

2.1.4 Customer Loyalty

According to Reichheld and Detrick (as cited in Srivastava, 2015) customer loyalty is defined as an important aspect of service provision because maintaining existing customers may generate a higher profit than attracting new one. According to Nuchsarapringviriya, Fadzil, & Ismail (2006), few numbers of researchers already found that, increasing customer loyalty will have benefits in reducing the initial cost of introducing and attracting new customers, positive word of mouth, increase the number of purchase and value of purchase, increase company's profitability, growth and performance and increase market share and

higher rates of return on investment. According to Levesque and McDougall(1993), approximately half of the consumers stay with the firm even when their problem is not solved with firm's service. Smith and Swinehart (2001) observed a strong relationship between quality of product or service and satisfaction of consumers. They found that consumer's perception of the quality is an important variable determining the satisfaction level. Similarly, Caruana (2002), based on the study of customers of Malta's banks, found that customer's satisfaction plays a mediating role in service quality driving customer loyalty; importantly, service quality is an important driver of customer satisfaction which explains 53% of variance. Similarly, Yongyui (2003) confirmed the direct relation between each of the five dimensions of service quality and bank's reputation; bank's reputation, in turn, impacts customers' repeated purchases and loyalty.

According to Kishada & Wahab(2015), loyalty works together with emotions, whereas customer loyalty is the outcome of exceeding expectations repeatedly and creating a constant positive emotional experience, physical characteristic-based satisfaction, and appreciation for the products or service gained. Many researchers tried to define customer loyalty. According to Griffin(1995), the definition of a loyal customer is someone who makes regular repeating purchase, purchase across product and service lines, refers others and demonstrates an immunity have competition. The loyalty of customers to a particular brand or service depends on several factors. The ability of companies to defend customers and create barriers for customers does not move other

service providers to become one of the keys to the success of companies to compete in an industry.

H9: Trust mediates the influence of customer satisfaction on customer loyalty.

H10: Customer satisfaction mediates the influence of the service quality dimensions (Tangibles, Reliabilities, Responsiveness, Assurance and empathy) on customer loyalty.

2.2. Research Framework

This research aimed to investigate or to reveal the impact of service quality – tangibility, reliability, assurance, empathy and responsiveness aspects of service quality on customer loyalty through customer satisfaction and trust as a moderating variable. By considering the research hypotheses, the following are the conceptual frameworks:

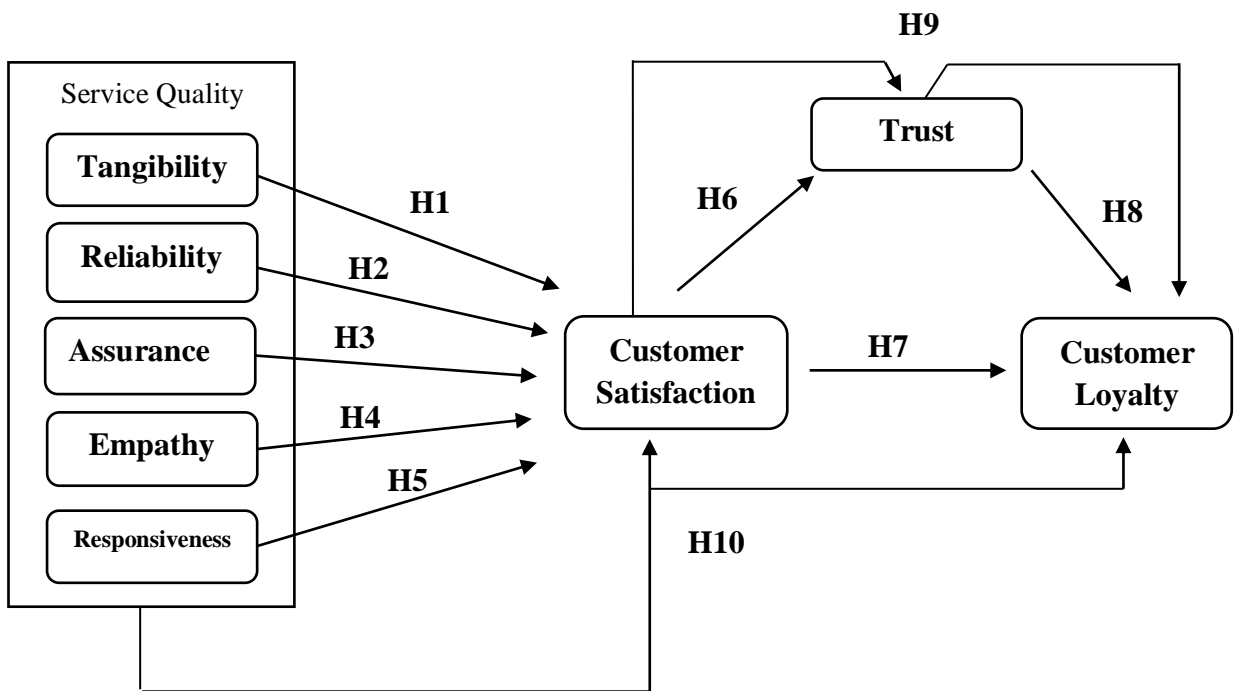


Figure 2.1 Full Framework Model

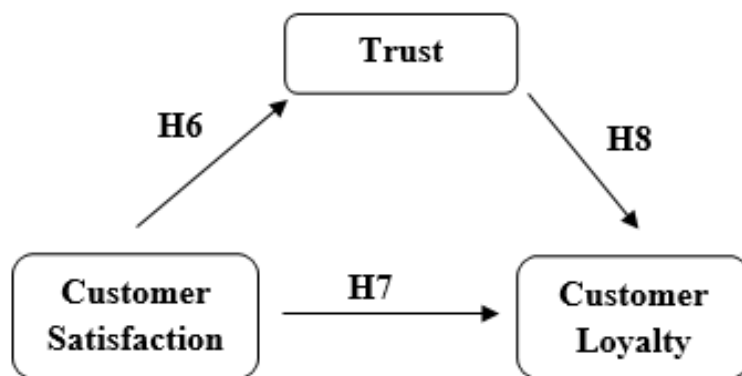


Figure 2.2 Framework Model 1

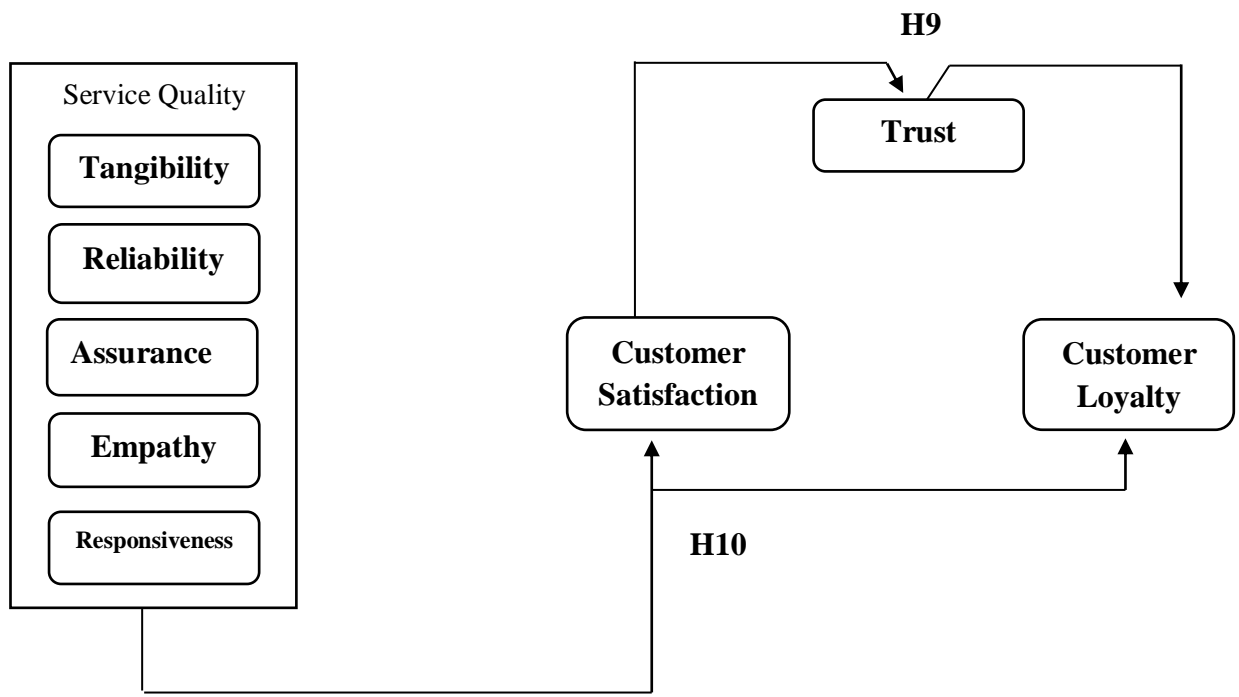


Figure 2.3 Framework Model 2

CHAPTER III

RESEARCH METHOD

3.1. Type of Study

This research used quantitative approach. In this quantitative research, the researcher formulated new problems through the hypothesis that is a temporary answer to the formulation of research problems. According to Given (2008), research with quantitative method is an approach to empirical studies to collect, analyze, and display data in numerical form rather than narrative.

3.2. Population and Sample

3.2.1. Population

Population is the whole subject of research (Arikunto, 2010). In this research, the population were all patients of R+ and RD dental clinic in Yogyakarta.

3.2.2. Samples and *Sampling* Techniques

Sample is a partial or representative of the population under the study (Arikunto, 2010). By considering the large population, limited time and cost of research, the researcher needed to limit the samples in sampling. The sampling technique was random sampling, which took a random sample of a population that had been determined.

Hair et al. (2010) stated about the size of the sample. If it is too large, it will make it difficult to get a suitable model and suggested appropriate sample size between 100-200 respondents in order to use interpretation estimation with

Structural Equation Model (SEM). For that reason, the number of samples was determined based on the results of the minimum sample calculations. The determination of the minimum sample size for SEM according to Hair et al. (2010) is:

(Number of indicators + number of latent variables) x (estimated parameters)

Based on the guideline, the minimum sample size for this research is:

Minimum sample = $(22 + 7) \times 5 = 145$ respondents.

Based on the formula above, the minimum sample size in this research was 145 respondents.

3.3. Type of Research Data

Primary data was collected to conduct this research. The data were obtained directly from the respondents by doing the field research. The data was gathered by distributing questionnaires. In order to collect the data needed to meet the research needs, the data obtained from the questionnaire to the respondent where the questions provided by the researcher to support the data information.

Questionnaire that was used and presented to the respondent consisted of two parts, namely:

- a. Part that revealed the characteristic of the respondents. Contains data of the characteristic of respondents including sex, age, length of work and education.
- b. Part that contained questions about research variables such as service quality, customer satisfaction, trust and customer loyalty.

3.4. Data Collection Method

The data collection instrument used to measure variables was questionnaires. The questionnaire contained the question items as a description of the variable indicators. To change the data of the variables existed into the calculation of data, the researcher used Likert scale. In this Likert scale, respondent answered the questions by giving cross mark (X) to alternative answer with 5 chances of possibility that was available in the questionnaire.

In this case the research questionnaires was examined with 5 alternative answers to choose one answer only. To facilitate the assessment of the answer, the researchergave the value of each choice of answers to questions that were 5 for positive answer and 1 for very negative answer. Further, the form of assessment is as follows:

1. Strongly Agree rated as 5
2. Agree rated as 4
3. Neutral rated as 3
4. Disagree rated as 2
5. Strongly Disagree rated as 1

3.5. Research Variable

The research variable is the object of research or what is the point in a study (Arikunto, 2010). There are four kinds of variables used in this research as follows:

1. Independent variable consisted of service quality(*Tangibility, Reliability, Assurance, Empathy, Responsiveness*)

2. Intervening variable consisted of customer satisfaction and trust
3. Dependent variable consisted of customer loyalty

Each variable will further be described as follows.

3.5.1. Independent Variable

3.5.1.1. Service Quality

Khanlari(2008) stated that service quality can be defined as a measure of how well the service delivered matched the customer expectation. Service quality can be measured by five dimensions (Meesala and Paul, 2018):

1. Tangibility

The measurement of tangibility are as follow:

- a. The clinic has up-do-date equipment.
- b. Clinic's physical facilities are visually appealing.
- c. Clinic's employees appear neat.

2. Reliability

The measurement of reliability are as follow:

- a. The clinic provides its services to the patients at the time it promises to do so.
- b. When patients have problems, clinic's employees are sympathetic and reassuring.
- c. The clinic is accurate in its billing.

3. Responsiveness

The measurement of responsiveness are as follow:

- a. Clinic employees tell patients exactly when services will be given.

- b. Patients receive prompt service from the employees.
- c. Clinic employees are always willing to help patients

4. Assurance

The measurement of assurance are as follow:

- b. Patients feel safe in their interactions with employees.
- c. Employees are knowledgeable.
- d. Employees are polite.
- e. Employees get adequate support from the management to do their jobs well.

4. Empathy

The measurement of empathy are as follow:

- 1. The clinic's employees give patients personal attention.
- 2. The clinic has patients' best interests at heart.

3.5.2. Intervening Variable

3.5.2.1. Customer Satisfaction

Customer satisfaction is an emotional response to an evaluation of experience in using a product or service (Aydin & Ozer, 2005). The measurement of customer satisfaction adapted from Meesala and Paul (2018) is as follows:

- a. I am satisfied with the medical services of the Clinic.
- b. The medical treatments are successful.
- c. The medical services have fulfilled my requirements.

3.5.2.2. Trust

According to Morgan and Hunt (1994) and Ranaweera and Prabhu (2003), trust is one of the important filters in many transactional activities. For instance, in the commitment-trust relationship of marketing literature, we can say one party trust to other party if they have confidential feeling on each other in a partnership's reliability and integrity. In the literature, building long and trustable relationships with customers has often been identified as an important value of business performance. Sharma and Patterson (1999) indicated that trust develops a large extent over time from receiving both technical and functional quality. The measurement adapted from Lien, Wu, Chen, and Wang (2014) is as follow:

- a. The clinicis honest and truthful.
- b. I can completely trust the clinic.
- c. I have confidence with the clinic.
- d. The clinic do the right thing.

3.5.3. Dependent Variable

3.5.3.1. Customer Loyalty

Customer loyalty is customer loyalty to a product or service held deeply to repeat the purchase of a product or service in the future (Bei and Chiao, 2001; Auh and Johnson, 2005; and John and Sasser, 1995). The measurement of customer loyalty are adapted from Meesala and Paul(2018) as follow:

- a. I will prefer to use the services of this Clinic because I am satisfied and acquainted with the Clinic.
- b. I will use this Clinic in spite of competitors' deals.

- c. I would prefer to use additional products and services (such as specialist advices, treatments, diagnosis and other medical services) in this Clinic.
- d. I prefer this Clinic to others

3.6.Validity and Reliability Test

3.6.1. Validity Test

Validity test is a measurement that shows the validity level of an instrument. An instrument is considered valid if it is able to measure what is desired. The method used for the validity test is the Pearson correlation test. The item can be said as valid if its r count (Pearson Correlation Value) is higher than r table (Simamora, 2004).

Researcher spread 45 respondents for checking each validity and reliability test.

Table 3.1 Validity Test Results

Variable	Indicator Code	R_{count}	R_{table}	Status
Tangibility	TAN1	0.798	0.287	VALID
	TAN2	0.820	0.287	VALID
	TAN3	0.830	0.287	VALID
Reliability	REL1	0.716	0.287	VALID
	REL2	0.847	0.287	VALID
	REL3	0.652	0.287	VALID
Responsiveness	RES1	0.812	0.287	VALID
	RES2	0.746	0.287	VALID
	RES3	0.655	0.287	VALID
Assurance	ASS1	0.445	0.287	VALID
	ASS2	0.497	0.287	VALID
	ASS3	0.666	0.287	VALID
	ASS4	0.533	0.287	VALID
Empathy	EMP1	0.834	0.287	VALID
	EMP2	0.856	0.287	VALID
Customer Satisfaction	CS1	0.916	0.287	VALID
	CS2	0.875	0.287	VALID
	CS3	0.703	0.287	VALID
Customer Loyalty	CL1	0.937	0.287	VALID
	CL2	0.920	0.287	VALID
	CL3	0.883	0.287	VALID
	CL4	0.860	0.287	VALID
Trust	TRUST1	0.972	0.287	VALID
	TRUST2	0.971	0.287	VALID
	TRUST3	0.985	0.287	VALID
	TRUST4	0.960	0.287	VALID

Source: Primary Data (Computed), 2018

The criteria used in finding valid statements in this research were as follow: trust level = 95 percent ($\alpha = 5$ percent), output of r table obtained from 45 respondents = 0.287. If its r count (Pearson Correlation Value) is higher than r table the item can be said as valid.

From table 3.1, all the indicators used to measure the variables used in this research had a correlation coefficient of greater than $r_{table} = 0.287$ (r_{table} value for $n = 45$), thus; that all indicators are valid.

3.6.2. Reliability Test

Reliability is the reliability level of the questionnaire. It is assumed that, there was no psychological change in the respondents (Simamora, 2004). The method used in this reliability test was alpha technique. The value of *Cronbach's Alpha* > 0.6 . Thus, the measurement tool of the research was claimed to be used.

Table 3.2 Reliability Test Results

Variables	Cronbach's Alpha	Minimal Score	Status
Tangible	0.749	0.6	Reliable
Reliability	0.698	0.6	Reliable
Responsiveness	0.687	0.6	Reliable
Assurance	0.682	0.6	Reliable
Empathy	0.862	0.6	Reliable
Customer Satisfaction	0.764	0.6	Reliable
Customer Loyalty	0.920	0.6	Reliable
Trust	0.981	0.6	Reliable

Source: Primary Data (Computed), 2018

From the results of reliability test above, the reliability coefficient for all variables used in this research were greater than the critical value of 0.6, thus; it can be concluded that the whole items of questions contained in this research questionnaire can be declared as reliable. This means that the questionnaire had consistent results if measured in different times and models or designs.

3.7. Technique Data Analysis

3.7.1. Respondents Characteristic

In this part, this research described the characteristic of the respondents. The characteristics were gender, range of age, range of monthly income, occupations, and education level of the respondents

3.7.2. Descriptive Analysis

Descriptive statistical analysis techniques were used to analyze data by describing the data that has been collected by not intending to make general conclusions (Sugiyono, 2010). This analysis is a description explaining the identity of the respondents.

3.7.3. Structural Equation Model

Research model was analyzed by using *Structural Equation Model (SEM)*, by utilizing AMOS software. SEM is an analytical technique that allows complicated and complex variable relationships simultaneously. In simple explanation, SEM provides an adequate estimation technique and efficient estimation technique for multiple regression equations and it is estimated simultaneously (Ghozali, 2011).

Hair et al. (2010) explained seven steps of data analyzing process with SEM as follows:

Step 1: Model Development Based on Theory

Models are simplifying complex problems for easy analysis. The model builds the literature and results of previous relevant studies.

Step 2: Build a path diagram

The model that has been built is then described in the form of a *path diagram*. At this stage the research defines and establish the exogeneous and endogeneous constructs and then connects them in the form of the path diagram. With this path diagram will be clearly known which bag to do *confirmatory test* which mean to testing does the indicator can explain the latent variable and which part that should be tested hypothetically that is test the influence of all exogenous variables to endogen variables either directly or indirectly, and to test endogen effect to another endogenous variable.

Step 3: Convert path diagrams in equation model

At this stage the researcher describes the flowchart of research model in the form of *structural equation* and the equation of *measurement model* specification.

Step 4: Choose Input Matrix and Estimation Model

Because this research testing is causality, the input used is covariance. The steps of input used in SEM were as follow:

1. *Confirmatory factor*

This measurement model was used to test whether indicators can quantify significantly latent variables in the model.

2. *Path analysis*

At this stage, the influence of both direct and indirect exogenous variable on endogenous variables and the influence of endogenous variables on other endogenous variables were tested.

Step 5: Predict identification model

This stage was used to estimate whether the structural model created was capable of producing a good estimation. Signs of a problem in this stage were:

1. Standard deviation for one or more coefficients of models is very large.
2. The required information cannot be presented by the program.
3. The appearance of unnatural numbers, i.e. there is a negative variant.
4. There is a correlation coefficient rate among the coefficient estimations which was very high.

Step 6: Evaluate the accuracy of model estimation

Model estimation was tested if several assumptions on SEM usage can be met. Things that should be considered are: sample size of at least 100 units; normal and linear patterned distributed data; evaluation of *outliers* with *univariate* and *multivariate* methods. If SEM user assumptions were met, the next step was *goodness of fit test*.

Step 7: Interpret and modify the model

The final step of the series of steps above was to interpret and modify the model if it turns out that the resulting estimate did not have the expected level of prediction or had a high residual rate.

3.7.4. Goodness of Fit Criteria

In sum, the guidance of the *goodness of fit* index is as follows:

a. Chi-square (X^2)

This test tool was chosen because it was the most fundamental test tool for measuring overall-fit. Moreover, this tool was believed as statistic tool that was able to illustrate the difference between covariance matrix of population and covariance matrix sample. Model tested were considered good if it showed a low *chi-square*.

b. RMSEA (Root Mean Square Error of Approximation)

Root Mean Square Error of Approximation (RMSEA) is a measurement of approximate fit in the population and is therefore concerned with the discrepancy due to approximation. RSMEA is estimated by the square root of the estimates discrepancy due to approximation per degree of freedom. RSMEA is regarded as relative independent of sample size, and additionally favors parsimonious models. The RSMEA is bounded below zero. Although, there is a general agreement that the value of RMSEA for a good model should be less than 0.05, an RSMEA of less than 0.006 is a cutoff criterion.

c. GFI (Goodness of Fit Index)

GFI suitability index calculated the weighted proportion of variance in the sample covariance matrix, which was described by the estimated covariance matrix of population. GFI is a non-stratification measurement which had the value ranged between 0 (poor fit) up to 1.0 (perfect fit). The higher value it gets, the better it will show.

d. AGFI (Adjusted Goodness of Fit)

With a slight similarity with GFI, the fit index of AGFI is being adapted toward the degrees of freedom that are available to test whether a model is acceptable or unacceptable. The recommended acceptance rate is $AGFI \geq 0.90$. AGFI is a criterion that calculates the weighted proportion from variance of a matrix covariance sample. The value of 0.95 is interpreted as a good overall model fit, while 0.90 – 0.95 indicates adequate fit.

e. TLI (Tucker Lewis Index)

Tucker-Lewis index (TLI) is also called the nonnormed fit index (NNFI) while adjustment to the TLI is called the relative fit index (RFI). According to Haryono and Wadoyo (2012), TLI was originally used as a tool to evaluate the factor analysis which is later developed to SEM. This measurement combines parsimony size into comparison index between the proposed model and null model and the TLI value than ranged from 0 to 1.0. TLI recommended value equal to or greater than 0.09.

f. CFI (Comparative Fit Index)

CFI index is identical to the Relative Noncentrality Index (RNI). The value of this index ranged 0-1. If GFI index approaches 1, it shows the highest *fit* level (a very good fit). However, the recommended value is ≥ 0.90 . the advantages of this index are the amount of index numbers are not affected by sample size. Therefore, it is considered good to measure the level of acceptance on a model. In assessing a model, TLI and GFI are highly recommended to be

used because this both index are relatively not sensitive toward the sample size and are not affected by the complexity of a model.

Table 3.3 Goodness of Fit Index

Goodness of Fit	Cut-off value
Chi-Square (X^2)	Small Value
Significance Probability	≥ 0.05
RMSEA	≤ 0.08
GFI	≥ 0.90
AGFI	≥ 0.90
CMN / DF	≤ 2.00
TLI	≥ 0.95
CFI	≥ 0.95

Source: Hair et al. (2010)

3.7.5. Hypothesis testing

Hypothesis testing is used to determine the direct relationship occurred if one variable affects other variables without any third variables that mediate (intervening) the relationship of these two variables. The indirect relationship occurred if there is a third variable mediating the relationship between these two variables. Thus, on each dependent variable (endogen variable) there will be arrows leading to this variable and this serve to explain the amount of unexplained variance by that variable. Hypothesis testing in this research is as follows:

If p value < 0.05 or value of Critical Ratio > 1.96 the hypothesis is **accepted**.

If p value > 0.05 or value of Critical Ratio < 1.96 the hypothesis is **rejected**.

And for hypothesis ninth and tenth, this research is using calculation for direct and indirect effect of variable by summing the variable significant results.

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

This chapter explains the data analysis of “The Impact of Service Quality toward Customer Loyalty through Customer Satisfaction and Trust as a mediating variable”. The discussion of this analysis started from quantitative analysis, including *goodness of fit index* (GFI) *Structural Equation Model* (SEM), and moderating regression analysis for moderating variable.

In this research, 150 questionnaires were distributed to 150 respondents to collect the data. The questionnaire that had been returned was 146 copies. Thus, the response rate was 97.3% but the data used in this research was 145. The questionnaire details can be seen in appendix as attached. After collecting the data, it was edited, coded, and tabulated. The researcher used the statistic program AMOS to analyze the data collected.

4.1. Validity and Reliability Test Results

AMOS measurement model was required to retest the data. This retest was performed to evaluate whether the AMOS analysis data was valid and reliable or not. Validity testing in this research used software version of AMOS 22.0. The evaluation of the measurement model also evaluated whether the item had a good construct or not, using Confirmatory Factor Analysis (CFA) or otherwise known as analysis factor. The purpose of the CFA measurement model is to illustrate how well the variable can be used to measure the construct. If the loading factor value of each construct is more than 0.5 ($\lambda > 0.5$), it can be expressed as valid.

Moreover, if the construct reliability value of each construct is more than 0.6, it can be expressed as reliable.

Reliability is internal consistency measurement of indicators of a construct that shows the ability of each indicator that indicate a general construct or simply can be defined as consistency and stability level of a measurement instrument (Ferdinand, 2002). In SEM, there are statistical tests to examine the reliability of a construct such as *construct reliability* and *variance extracted*. In this research, the reliability of a construct was tested using an approach of *construct reliability* by computing instrument of reliability index that used from the SEM model. *Construct reliability* is obtained from the formula of Fornell & Larcker (1981) below:

$$\text{Construct Reliability} = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum \varepsilon_i^2}$$

λ_i = Standard loading of each indicator (*observed variable*)

ε_i = Measurement error of each indicator (1 – reliability indicator)

The result of validity and reliability test can be seen in the following table:

Table 4.1. Validity and Reliability Testing (AMOS)

Variable	Indicator	Loading (λ)	Error (ϵ)	Ket	Construct Reliability	Ket
Tangibles	TAN1	0.573	0.210	VALID	0.945	Reliable
	TAN2	0.575	0.242	VALID		
	TAN3	0.634	0.289	VALID		
Reliability	REL1	0.683	0.199	VALID	0.959	Reliable
	REL2	0.855	0.362	VALID		
	REL3	0.613	0.171	VALID		
Responsiveness	RES1	0.578	0.186	VALID	0.974	Reliable
	RES2	0.590	0.145	VALID		
	RES3	0.681	0.192	VALID		
Assurance	ASS1	0.546	0.155	VALID		
	ASS2	0.562	0.137	VALID		
	ASS3	0.653	0.197	VALID		
	ASS4	0.569	0.178	VALID		
Empathy	EMP1	0.619	0.132	VALID	0.983	Reliable
	EMP2	0.740	0.123	VALID		
Customer Satisfaction	CS1	0.702	0.077	VALID	0.995	Reliable
	CS2	0.635	0.094	VALID		
	CS3	0.678	0.076	VALID		
Customer Loyalty	CL1	0.620	0.075	VALID	0.997	Reliable
	CL2	0.609	0.084	VALID		
	CL3	0.717	0.062	VALID		
	CL4	0.512	0.089	VALID		

Source: Primary Data Processed, 2018

Table 4.1. above shows the test results of validity and reliability. In validity test, if the loading factor (λ) value of each construct is more than 0.5 ($\lambda > 0.5$), it can be expressed as valid. In reliability test, if the coefficient of *Construct Reliability* value of each construct is more than 0.6, all questions in the questionnaires were reliable.

4.2. Characteristics of Respondents

Questionnaires in this research consisted of two parts, namely the characteristics of respondent's and the list of statements that can represent variables to be tested. There were some questions that need to be filled in the respondent's characteristics such as gender, age, occupation, education level, and monthly income.

4.2.1. Gender

Respondents in this research were classified by gender. It can be seen on the table below:

Table 4.2. Respondents Classification Based on Gender

Gender	Number (respondents)	Percentage
Male	56	38.62%
Female	89	61.38%
Total	145	100%

Source: Primary Data Processed, 2018

Based on table 4.2. above, it can be seen that the respondents in this research were dominated by women of 89 respondents or 61.38% and men of 56 respondents or 38.68%. This shows that the majority of Patients in R+ and RD Dental Clinic were women of 89 respondents or 61.38%.

4.2.2. Age

The description of respondents by age was divided into five categories. The results of the distribution of respondents by age of respondents were as follow:

Table 4.3. Respondents Classification Based on Age

Age	Number (Respondents)	Percentage
< 20 years old	20	13.79%
20 - 30 years old	43	29.66%
31 - 40 years old	57	39.31%
41 - 50 years old	25	17.24%
> 50 years old	0	0.00%
Total	145	100%

Source: Primary Data Processed, 2018

Table 4.3. explains that the respondents in this research were mostly aged 31-40 years old with the total number of 57 respondents or 39.31%. Respondents aged 20-30 years old with the total of 43 or 29.66%. Respondents aged < 20 years old with the total of 20 respondents or 13.79%. Respondents aged 41-50 years old with the total of 25 respondents or 17.24%. However, there is no respondents aged > 50 years old. The result shows that the majority of respondents or patients of R+ and RD Dental Clinic were patients with age 31-40 years old of 57 respondents or 39.31%.

4.2.3. Occupation of Respondents

The description of respondents by occupation was divided into five categories. The results of the distribution of respondents by age of respondents were as follow:

Table 4.4. Respondents Classification Based on Occupation

Occupation	Number (Respondents)	Percentage
PNS/TNI/Polri	13	8.97%
Self-Employment	34	23.45%
Private Employee	43	29.66%
Students	33	22.76%
Others	22	15.17%
Total	123	100%

Source: Primary Data Processed, 2018

Based on table 4.4. above, it can be seen that the majority of respondents in this research were respondents as private employee as their occupation of 43 respondents or 29.66%, respondents as self-employment as their occupation of 34 respondents or 23.45%, respondents as student as their occupation of 33 respondents or 22.76%, respondents as civil servants / Police / Army as their occupation of 13 respondents or 8.97%, and respondents as other work as their occupation of 22 respondents or 15.17%.

4.2.4. Education level of Respondents

The description of respondents by education level was divided into five categories. The result of the distribution of respondents by age of respondents was as follow:

Table 4.5. Respondents Classification Based on Education Level

Education Level	Number (Respondents)	Percentage
Bachelor Degree / Undergraduated	83	57.24%
High School Diploma	57	39.31%
Less than High School	5	3.45%
Others	0	0.00%
Total	145	100%

Source: Primary Data Processed, 2018

Based on table 4.5. above, it can be seen that the majority of respondents were respondents with undergraduate education equal to 83 respondents or 57.24%. Furthermore, respondents with high school diploma were equal to 57 respondents or 39.31%, respondents with less than high education level were equal to 5 respondents or 3.45%, and respondent with other education was 0 respondent or 0%.

4.2.5. Monthly Income of Respondents

Respondents in this research were classified by monthly income. It can be seen in the table below:

Table 4.6. Respondents Classification Based on Monthly Income

Monthly Income	Number (Respondents)	Percentage
<Rp 1,500,000,-	30	20.69%
Rp 1,500,001 – Rp 2,500,000	7	4.83%
Rp 2,500,001 – Rp 3,500,000	103	71.03%
Rp 3,500,001 – Rp 4,500,000	5	3.45%
Rp> 4,500,000	0	0%
Total	145	100%

Source: Primary Data Processed, 2018

Based on table 4.6. above, it can be seen that the majority of respondents were respondents with the monthly income ranged Rp 2,500,001 - Rp 3,500,000 of 103 respondents or equal to 71.03% and the lowest was respondents with the monthly income ranged Rp 3,500,001 – 4,500,000 of 5 respondents or equal to 3.45%.

4.3. Descriptive Analysis

Descriptive analysis was used to analyze the data by describing or explaining descriptive assessment of respondents as the research variables. Descriptive analysis of respondent's answers was used to determine respondent's assessment criteria with the help of the average-value score. This research was measured as the interval assessment by defining the minimum and maximum score as follows:

Strongly disagree	: 1
Disagree	: 2
Simply agree	: 3
Agree	: 4
Strongly agree	: 5

Minimum score = 1

Maximum score = 5

$$\text{Interval} = \frac{\text{Maximum} - \text{minimum}}{\text{number of criteria}} = \frac{5-1}{5} = 0.80$$

From the calculation above, the scale distribution of respondents' assessment criteria were as follow:

1.01 – 1.80 = Very bad

1.81 – 2.60 = Bad

2.61 – 3.40 = Fair

3.41 – 4.20 = Good

4.21 – 5.00 = Very good

4.3.1. Tangibility

The result of respondent assessment on tangibility as the variable was as follows:

Table 4.7.Descriptive analysis of Tangibility as Variable

No.	Indicator	Mean	Category
1	The clinic has up-do-date equipment.	3.57	Good
2	Clinic's physical facilities are visually appealing.	3.91	Good
3	Clinic's employees appear neat.	3.89	Good
Mean		3.79	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.7 above shows that the average assessment of 145 respondents of tangibility was 3.79. The highest mean was “Clinic’s physical facilities are visually appealing” of 3.91 or considered as good. The lowest mean was “The clinic has up-to-date equipment” of 3.57 or considered as good. This results indicated that respondent’s perception toward tangibility aspect was good.

4.3.2. Reliability

The result of respondent assessment on reliability as variable was as follows:

Table 4.8.Descriptive analysis of Reliability as Variable

No.	Indicator	Mean	Category
1	The clinic provides its services to the patients at the time it promises to do so.	4.07	Good
2	When patients have problems, clinic's employees are sympathetic and reassuring.	4.08	Good
3	The clinic is accurate in its billing.	4.10	Good
Mean		4.08	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.8 above shows that the average assessment of 145 respondents of reliability was 4.08. The highest mean was “The clinic is accurate in its billing.” of 4.10 or considered as good. The lowest mean was “The clinic provides its services to the patients at the time it promises to do so” of 4.07 or considered as good. This results indicated that respondent’s perception toward reliability aspect was good.

4.3.3. Responsiveness

The result of respondent assessment on responsiveness as variable was as follows:

Table 4.9.Descriptive analysis of Responsiveness as Variable

No.	Indicator	Mean	Category
1	Clinic employees tell patients exactly when services will be performed.	4.07	Good
2	Patients receive prompt service from the employees.	4.06	Good
3	Clinic employees are always willing to help patients	3.97	Good
Mean		4.23	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.9 above shows that the average assessment of 145 respondents of responsiveness was 4.23. The highest mean was “Clinic employees tell patients exactly when services will be performed” of 4.07 or considered as good. The lowest mean was “Clinic employees are always

willing to help patients” of 3.97 or considered as good. This results indicated that respondents had a high or good perception of responsiveness aspect.

4.3.4. Assurance

The result of respondent assessment on assurance as variable was follows:

Table 4.10. Descriptive analysis of Assurance as Variable

No.	Indicator	Mean	Category
1	Patients feel safe in their interactions with employees.	3.95	Good
2	Employees are knowledgeable.	4.03	Good
3	Employees are polite.	3.95	Good
4	Employees get adequate support from the management to do their jobs well.	3.84	Good
Mean		3.94	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.10 above shows that the average assessment of 145 respondents of assurance was 3.94. The highest mean was “Employees are knowledgeable” of 4.03 or considered as good. The lowest mean was “Employees get adequate support from the management to do their jobs well” of 3.84 or considered as good. This results indicated that respondent’s perception toward assurance aspect was good.

4.3.5. Empathy

The result of respondent assessment on empathy as variable was as follows:

Table 4.11 Descriptive analysis of Empathy as Variable

No.	Indicator	Mean	Category
1	The clinic's employees give patients personal attention.	3.85	Good
2	The clinic has patients' best interests in their heart.	3.90	Good
Mean		3.87	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.11 above shows that the average assessment of 145 respondents of empathy was 3.87. The highest mean was “The clinic has patients' best interests in their heart” of 3.90 or considered as good. The lowest mean was “The clinic's employees give patients personal attention” of 3.85 or considered as good. This results indicated that respondent’s perception toward empathy aspect was good.

4.3.6. Customer Satisfaction

The result of respondent assessment on customer satisfaction as variable could be seen in table 4.12 below:

Table 4.12 Descriptive analysis of Customer Satisfaction as Variable

No.	Indicator	Mean	Category
1	I am satisfied with the medical services of the Clinic.	3.99	Good
2	The medical treatments are successful.	3.86	Good
3	The medical services have fulfilled my requirements	4.01	Good
Mean		3.96	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.12 above shows that the average assessment of 145 respondents of customer satisfaction was 3.96. The highest mean was “The medical services have fulfilled my requirements” of 4.10 or considered as good. The lowest mean was “The medical treatments are successful” of 3.86 or considered as good. This results indicated that respondent’s perception toward customer satisfaction was good.

4.3.7. Customer Loyalty

The result of respondent assessment on customer loyalty as variable could be seen in table 4.13 below:

Table 4.13 Descriptive analysis of Customer Loyalty as Variable

No.	Indicator	Mean	Category
1	I will prefer to use the services of this Clinic because I am satisfied and acquainted with the Clinic.	4.08	Good
2	I will use this Clinic in spite of competitors’ deals.	4.12	Good
3	I would prefer to use additional products and services (such as specialist advices, treatments, diagnosis and other medical services) in this hospital.	4.08	Good
4	I prefer this Clinic to others	4.07	Good
Mean		4.08	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.13 above shows that the average assessment of 145 respondents of customer loyalty was 4.08. The highest mean was “I will use this Clinic in spite of competitors’ deals” of 4.12 or considered as good. The lowest mean was “I prefer this Clinic to others” of 4.07 or considered as good. This results indicated that respondent’s perception toward customer satisfaction was good.

4.3.8. Trust

The result of respondent assessment on customer loyalty as variable could be seen in table 4.14 below:

Table 4.14 Descriptive analysis of Trust as Variable

No.	Indicator	Mean	Category
1	The clinics are honest and truthful.	3.56	Good
2	I can completely trust the clinic.	3.88	Good
3	I have confidence in the clinics.	3.40	Good
4	The clinics do the right thing.	3.96	Good
Mean		3.70	Good

Source: Primary Data Processed, 2018

The descriptive analysis in table 4.14 above shows that the average assessment of 145 respondents of trust was 3.70. The highest mean was “The clinics do the right thing” of 3.96 or considered as good. The lowest mean was “I have confidence in the clinics.” of 3.40 or considered as good. This results indicated that respondent’s perception toward trust was good.

4.4. Structural Equation Model (SEM)

The data analysis in this research used Structural Equation Modeling (SEM) with the help of AMOS 20 statistical software in model and hypothesis assessment. Researchers tested the hypothesis using Goodness of Fit index to measure the goodness of the proposed model. Before analysing the data using SEM, the researcher should evaluate the criterion of Goodness of Fit.

4.4.1. Goodness of Fit Criteria

Evaluation of Goodness of Fit criteria using support from AMOS software version 20. Below was the goodness of fit index produced after the test:

Table 4.15. Goodness of Fit Index of Measurement Model

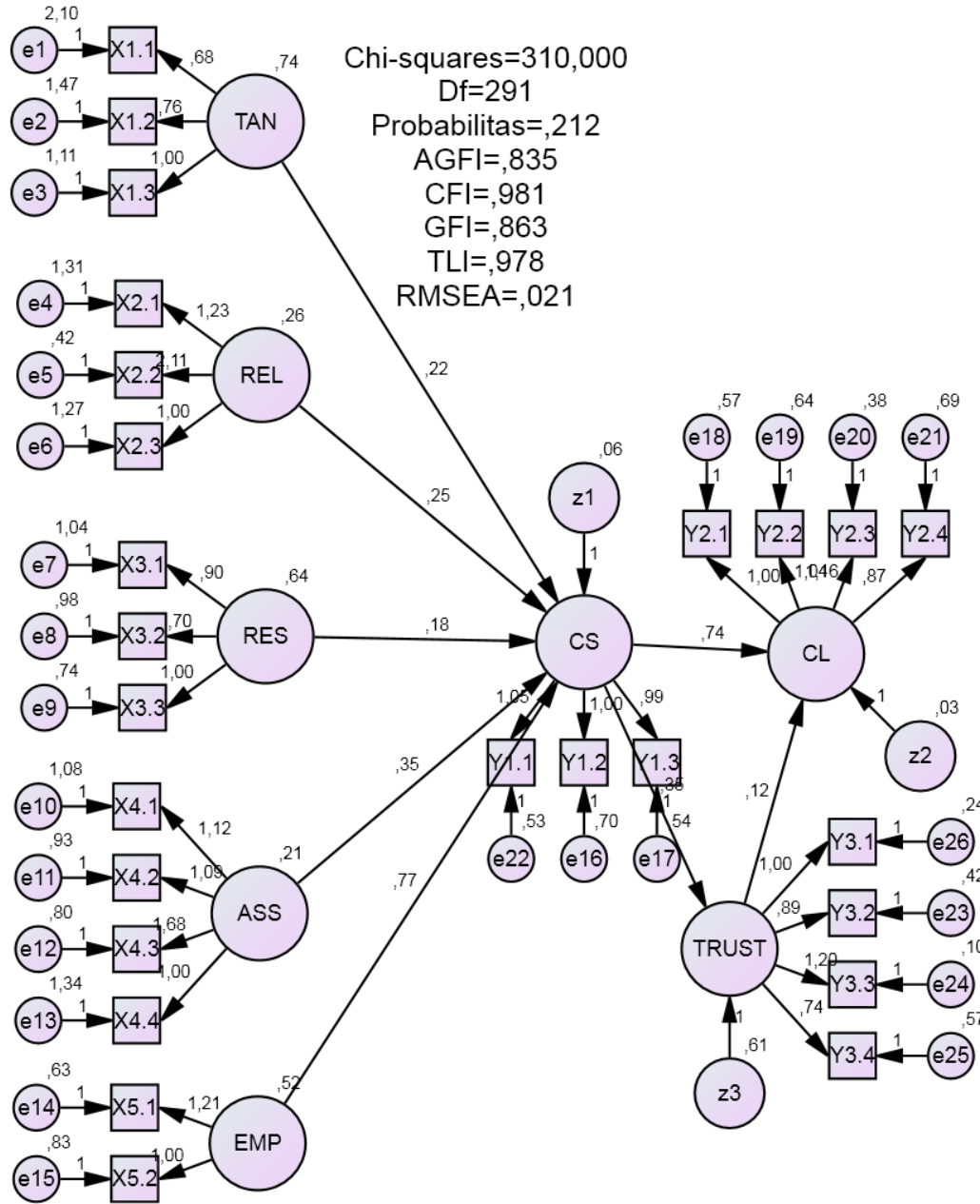
Goodness of Fit	Result	Cut off Value	Model Evaluation
X ² -Chi-square	310.000	Small Value	Good Fit
Probability	0.212	≥ 0.05	Good Fit
RMSEA	0.021	≤ 0.08	Good Fit
GFI	0.836	≥ 0.90	Marginal Fit
AGFI	0.835	≥ 0.90	Marginal Fit
TLI	0.987	≥ 0.90	Good Fit

Source: Primary Data Computed, 2018

The result of goodness of fit analysis based on table 4.15 above were; Chi-Square (199.501), Probability (0.212), RMSEA (0.021 ≤ 0.08), GFI (0.836 ≥ 0.90), AGFI (0.835 ≥ 0.90), TLI (0.987 ≥ 0.90). Thus, this research model had proven fulfilled all criteria of model (*Goodness of Fit*)

While in the form of model, the results of goodness of fit analysis in the research model were as follow:

Figure 4.1Figure of Structural Equation Model



Source: Primary Data Computed, 2018

From the result of measurement of *Goodness of Fit Index* above, it can be concluded that all parameters had met the expected condition except AGFI in

marginal condition. Thus, it can be concluded that research model met Goodness of Fit.

4.4.2. Hypothesis Testing Result

The results of hypothesis testing using SEM can be seen in the table below:

Table 4.16. Hypothesis Testing Results

			Estimate	S.E.	C.R.	P	Label
CS	<---	TAN	.221	.099	2.225	.026	par_15
CS	<---	REL	.255	.122	2.093	.036	par_16
CS	<---	RES	.183	.084	2.185	.029	par_17
CS	<---	ASS	.347	.170	2.039	.041	par_18
CS	<---	EMP	.773	.155	4.999	***	par_19
TRUST	<---	CS	.354	.120	2.957	.003	par_25
CL	<---	CS	.743	.132	5.628	***	par_20
CL	<---	TRUST	.122	.055	2.201	.028	par_26

Source: AMOS Data Computed, 2018

Based on the results of hypothesis testing, it can be concluded that the test of each hypothesis was as follow:

1. First Hypothesis

The testing of the first hypothesis aims to prove that tangibility has a positive impact on customer satisfaction. From table 4.17 above, customer satisfaction was formed by tangibility that generate positive coefficient of 0.211 and *pvalue* of 0.026. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that tangibles had positive impact on customer satisfaction. Thus, it can be concluded that, the first hypothesis of this research was **accepted**.

2. Second Hypothesis

The testing of the second hypothesis aims to prove that reliability has a positive impact on customer satisfaction. From table 4.17 above, customer satisfaction was formed by reliability that generate positive coefficient of 0.255 and *pvalue* of 0.036. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that reliability had positive impact on customer satisfaction. Thus, it can be concluded that the second hypothesis of this research was **accepted**.

3. Third Hypothesis

The testing of the third hypothesis aims to prove that assurance has a positive impact on customer satisfaction. From table 4.17 above, customer satisfaction was formed by assurance that generate positive coefficient of 0.347 and *pvalue* of 0.041. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that assurance had positive impact on customer satisfaction. Thus, it can be concluded that the third hypothesis of this research was **accepted**.

4. Fourth Hypothesis

The testing of the fourth hypothesis aims to prove that empathy has a positive impact on customer satisfaction. From table 4.17 above, customer satisfaction was formed by empathy that generate positive coefficient of 0.773 and *pvalue* of 0.000. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that empathy had positive impact on customer satisfaction. Thus, it can be concluded that the fourth hypothesis of this research was **accepted**.

5. Fifth Hypothesis

The testing of the fifth hypothesis aims to prove that responsiveness has a positive impact on customer satisfaction. From table 4.17 above, customer satisfaction was formed by responsiveness that generate positive coefficient of 0.183 and *pvalue* of 0.029. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that responsiveness had positive impact on customer satisfaction. Thus, it can be concluded that the fifth hypothesis of this research was **accepted**.

6. Sixth Hypothesis

The testing of the sixth hypothesis aims to prove that customer satisfaction has positive impact on trust. From table 4.17 above, trust formed by customer satisfaction that generate positive coefficient of 0.354 and *pvalue* of 0.003. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that customer satisfaction had positive impact on trust. Thus, it can be conclude that the sixth hypothesis of this research was **accepted**.

7. Seventh Hypothesis

The testing of the seventh hypothesis aims to prove that customer satisfaction has positive impact on customer loyalty. From table 4.17 above, customer loyalty formed by customer satisfaction that generate positive coefficient of 0.804 and *pvalue* of 0.000. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that customer satisfaction had positive impact on customer loyalty. Thus, it can be conclude that the seventh hypothesis of this research was **accepted**.

8. Eighth Hypothesis

The testing of the eighth hypothesis aims to prove that trust has positive impact on customer loyalty. From table 4.17 above, customer loyalty formed by trust that generate positive coefficient of 0.122 and *pvalue* of 0.028. Based on the result of analysis, $p\text{-value} < 0.05$. It can be concluded that trust had positive impact on customer loyalty. Thus, it can be conclude that the eighth hypothesis of this research was **accepted**.

Table 4.17. Hypothesis Testing Results (Direct Effects)

	RES	EMP	ASS	REL	TAN	CS	TRUST	CL
CS	.184	.771	.348	.254	.220	.000	.000	.000
TRUST	.000	.000	.000	.000	.000	.354	.000	.000
CL	.000	.000	.000	.000	.000	.743	.122	.000

Table 4.18. Hypothesis Testing Results (Indirect Effects)

	RES	EMP	ASS	REL	TAN	CS	TRUST	CL
CS	.000	.000	.000	.000	.000	.000	.000	.000
TRUST	.065	.273	.123	.090	.078	.000	.000	.000
CL	.145	.606	.274	.200	.173	.043	.000	.000

9. Ninth Hypothesis

Based on table 4.17 and 4.18 above shows that the direct and indirect affect on the variable customer satisfaction toward customer loyalty through trust was tested using the equation as follows:

$$\text{Direct effect CS} \rightarrow \text{TRUST} = 0.354$$

$$\text{Indirect effect CS} \rightarrow \text{CL} \rightarrow \text{TRUST} = 0.743 + 0.122 = 0.865$$

From the equation above it can be concluded that the indirect affect is bigger than direct effect, it means that the customer satisfaction has a positive impact on customer loyalty through customer satisfaction. Thus, it can be conclude that the ninth hypothesis of this research was **accepted**.

10. Tenth Hypothesis

Based on table 4.17 and 4.18 above shows that the direct and indirect affect on the variable service quality toward customer loyalty through customer satisfaction was tested using the equation as follows:

$$\begin{aligned} \text{Direct effect SQ} \rightarrow \text{CS} &= \frac{\beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5}{5} \\ &= \frac{0.184 + 0.771 + 0.348 + 0.254 + 0.220}{5} \\ &= 0.356 \end{aligned}$$

$$\text{Direct effect CS and CL} = 0.743$$

$$\text{Direct effect SQ} \rightarrow \text{CL} = 0.356 + 0.043 = 0.399$$

$$\text{Indirect effect SQ} \rightarrow \text{CS} \rightarrow \text{CL} = 0.356 + 0.743 = 1.099$$

From the equation above it can be concluded that the indirect affect is bigger than the direct effect, it means that the service quality has a positive

impact on customer loyalty through customer satisfaction. Thus, it can be concluded that the tenth hypothesis of this research was **accepted**.

4.6. Result Discussion

4.6.1. The Impact of Tangibility on Customer Satisfaction

Based on hypothesis test results, it can be concluded that tangibility had positive impact on customer satisfaction. This shows that the greater the tangibility aspect, the greater the consumer satisfaction.

Tangibility was related to customer satisfaction because good physical aspect would affect customer perception. At the same time, this aspect was also one source that affected customer expectations. With good physical aspect, the customer expectations was becoming higher. Because of that, it is important for the company to know the most appropriate physical aspect, which was still give an positive impression to the quality of service provided but did not cause too high customer expectations to meet customer needs and provide satisfaction to customers. The relationship between physical aspects and customer satisfaction was physical aspect had a positive impact toward customer satisfaction. The greater the customer perception to physical aspect, the greater the customer satisfaction. If the customer perception of the physical aspect remained low, the consumer satisfaction would also be low.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), Nuchsarapringviriya & Faudziahhanimhy (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab,

& Nine (2015), and Vu & Huan (2016) who found that tangibility aspect had a positive impact on customer satisfaction.

4.6.2. The Impact of Reliability on Customer Satisfaction

Based on hypothesis test results, it can be concluded that reliability had positive impact on customer satisfaction. This shows that the greater the reliability performed, the greater the consumer satisfaction.

Reliability was the ability of the company to perform the promised service dependably and accurately. The service should be matched with the customer expectation which means customer expectations such as punctuality, equal service for all customers without error, sympathetic attitude, and with high accuracy. Fulfilling the promises in service business would reflect the company's credibility. Relation of reliability with customer satisfaction was that reliability had a positive impact on customer satisfaction. The greater the customer perception to reliability performed by the company, the greater the customer satisfaction. If the customer perception of the reliability performed by the company is remained low, the consumer satisfaction will also be lower.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), Nuchsarapringviriya & Faudziahhanimhy (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab, & Nine (2015), and Vu & Huan (2016) who found that reliability performed by the clinic had a positive impact on customer satisfaction.

4.6.3. The Impact of Responsiveness on Customer Satisfaction

Based on hypothesis test results, it can be concluded that responsiveness has positive impact on customer satisfaction. This showed that the greater the responsiveness given, the greater the consumer satisfaction.

Zeithaml, Parasuraman, & Berry(1990) defined responsiveness as the interests shown in providing prompt service to customers when required. Responsiveness is a policy to help and provide a fast service (responsive) and appropriate to the customer, with the delivery of clear information that will facilitate consumers in using services. Letting the customers wait is a negative perception of service quality. Service that was not responsive would definitely make customers feel dissatisfied. The responsiveness given by the company well would increase the satisfaction felt by consumers. The relationship of responsiveness with customer satisfaction was that responsiveness had a positive impact on customer satisfaction. The greater the customer perception to responsiveness given by the company, the greater the customer satisfaction. If the customer perception of the responsiveness given by the company remained low, the consumer satisfaction would also be low.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015),Nuchsarapringviriya & Faudziahhanimhy (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab, & Nine (2015), and Vu & Huan (2016) who found that responsiveness given by the clinic had a positive impact on customer satisfaction.

4.6.4. The Impact of Assurance on Customer Satisfaction

Based on hypothesis test results it can be concluded that assurance had positive impact on customer satisfaction. This showed that the greater the assurance by the company, the greater the consumer satisfaction.

Assurance that included the knowledge and skills of employees in serving the needs of customers and also the employee ethics. By giving guarantee to the company would make customers feel safe and without any sense of hesitation to use the service. In addition, the guarantee given by the company would affect consumer satisfaction because what the customer wants can be fulfilled by the company with knowledge and skills of these employees. The relationship of assurance with customer satisfaction was that assurance had a positive impact on customer satisfaction. The greater the customer perception to assurance of the company, the greater the customer satisfaction. If the customer perception of the assurance of the company remained low, the consumer satisfaction would also be low. These results provide empirical evidence that guarantees service providers would provide an increase in consumer satisfaction. This was resulted by the ability of employees in serving customers, employees who had extensive knowledge and skills would give a better impression on the clinic. Thus, it may increase customer satisfaction.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), Nuchsarapringviriya & Faudziahhanimhy (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab,

& Nine (2015), and Vu & Huan(2016) who found that assurance of the company had a positive impact on customer satisfaction.

4.6.5. The Impact of Empathy on Customer Satisfaction

Based on hypothesis test results, it can be concluded that empathy had positive impact on customer satisfaction. This shows that the greater the empathy given, the greater the consumer satisfaction.

Empathy was the attention given a sincere and personal attitude given by the company to the customer. Giving special attention and good communication from Employees to customers would also affect customer satisfaction because customers would feel being cared by the company because what they needed and complained were responded well by the company. The relationship of empathy with customer satisfaction was that empathy had a positive impact on customer satisfaction. The greater the customer perception of empathy given by the company, the greater the customer satisfaction. If the customer perception of empathy given by the company remained low, the customer satisfaction would also be low.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asab (2015),Nuchsarapringviriya & Faudziahhanimhy (2015), Javadein, Khanlari, & Estiri (2015), Kishada, Wahab, & Nine (2015), and Vu & Huan(2016) who found that empathy given by the clinic had a positive impact on customer satisfaction.

4.6.6. The Impact of Customer Satisfaction on Trust

Based on hypothesis test results, it can be concluded that customer satisfaction had positive impact on trust. This shows that the greater the customer satisfaction, the greater the trust.

Customer satisfaction was the focus of attention by almost companies in Indonesia, this was due to the better understanding of customers on the concept of customer satisfaction as a strategy to win the competition in the business sector especially in service industry. Customer satisfaction was an important thing for the service provider because the customer would disseminate their sense of satisfaction to other prospective customers, in addition that customer satisfaction could increase trust to a company. Customer satisfaction and trust in the company became very important to increase profits. Thus, the company should be always maintain a good relationship with the customers. According to Ishak & Luthfi (2011), in the long term satisfaction will have an impact in the forming of customer loyalty. When a customer feel satisfied with a product or a service, they will come back to repurchase.

If the customer was satisfied with a service, it can concluded that customer trust was high. Otherwise, if the consumer was not too satisfied with a particular service, he or she tended to buy different services. Thus, the level of trust to the product was low.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), and Vu & Huan (2016) who found that customer satisfaction had a positive impact on trust.

4.6.7. The Impact of Customer Satisfaction on Customer Loyalty

Based on hypothesis test results, it can be concluded that customer satisfaction had positive impact on customer loyalty. This shows that the greater the customer satisfaction, the greater the customer loyalty.

Customer satisfaction was the focus of attention by almost companies in Indonesia, this was due to the better understanding of customers on the concept of customer satisfaction as a strategy to win the competition in the business sector especially in service industry. Customer satisfaction was an important thing for the service provider because the customer would disseminate their sense of satisfaction to other prospective customers, in addition that customer satisfaction could increase trust to a company. Customer satisfaction and trust in the company became very important to increase profits. Thus, the company should be always maintain a good relationship with the customers. According to Ishak & Luthfi (2011), in the long term satisfaction will have an impact in the forming of customer loyalty. When a customer feel satisfied with a product or a service, they will come back to repurchase.

If the customer was satisfied with a service, it can concluded that customer trust was high. Otherwise, if the consumer was not too satisfied with a particular service, he or she tended to buy different services. Thus, the level of trust to the product was low.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), and Vu & Huan (2016) who found that customer satisfaction had a positive impact on customer loyalty.

4.6.8. The Impact of Trust on Customer Loyalty

Based on hypothesis test results, it can be concluded that trust had positive impact on customer loyalty. This shows that the greater the trust, the greater the customer loyalty.

Trust is the foundation of long-term relationships and an important factor of relationship commitments (Sirdeshmukh et al., 2002). Morgan and Hunt (1994) expressed that relationship commitment is willing to be placed with the greatest effort, as it is an important factor in trust and maintaining relationships among trading partners. When one party perceives that the relationship is important, a relationship commitment exists. In the case of healthcare especially in dental clinic, Hall, Jaffe, & Trajtenberg (2005) explained that those who have trust have an expectation that the trusted person will have good will towards them and competence in the domain in which he or she is trusted (or care with someone entrusted). Customer or patients with high trust will tend to create customer to do repurchasing and keep them coming back for next service. It is mean that they become loyal to the clinic.

The results of this research were in accordance with the research conducted by Tanudjaya (2014), Ibojo & Asabi (2015), and Vu & Huan (2016) who found that trust had a positive impact on customer loyalty.

4.6.9. Trust mediates the impact of customer satisfaction on customer loyalty.

Based on hypothesis test results, it can be concluded that customer satisfaction had positive impact on customer loyalty through trust. This shows that the greater the customer satisfaction, the greater the trust and the greater the trust, the greater the customer loyalty. The impact of customer satisfaction on customer loyalty is better if mediated with trust.

Mandey (2013) stated that, patients who are only satisfied with dental clinic services does not guarantee the patient to be loyal and want to go back to treatment. Patients should feel confident to the clinic service that had been received was been very good and suitable for them (trust). Thus, patients tend to be loyal and want to use the services again (Haqi, Wessiani, and Santosa, 2014). Customers tend to mention a bad customer service experience to more rather than sharing a superior service experience. In addition, perceived loyalty to decreases even faster as satisfaction decreases. Satisfying more consumer expectations during a service generates a higher repurchase probability for a company (Wong & Sohal, 2003). Customer satisfaction with higher trust will give big impact on customer loyalty rather than satisfied customer but have no trust.

The results of this research were in accordance with the research conducted by Khanlari (2008); Lien C.h. , Wu, Chen, & Wang (2014); Kishada & Wahab (2015); Tanudjaya (2014); and Ibojo & Asabi (2015) who found that trust had a positive impact on mediating customer satisfaction toward customer loyalty.

4.6.10. Customer satisfaction mediates the influence of service quality dimensions (Tangibles, Reliabilities, Responsiveness, Assurance and empathy) on customer loyalty.

Based on hypothesis test results, it can be concluded that service quality had positive impact on customer loyalty through customer satisfaction. This shows that the greater the service quality, the greater the customer satisfaction and the greater the customer satisfaction, the greater the customer loyalty. The impact of service quality on customer loyalty is better if mediated with customer satisfaction.

The connection between service quality and customer satisfaction has been well established in service marketing literature (Antony and Antony, 2004); Ladhari 2009; Sivadas, Baker, and Prewitt 2000). Ladhari (2009), for example, finds that customers who receive high level of service quality are likely to be more satisfied with the hotels compared to those who receive low level of service quality. Many researchers have found that service quality significantly determines customer satisfaction which, in turn, affects customer loyalty. In particular, customer satisfaction is suggested to be a mediating variable between service quality and customer loyalty (Caruana 2002). Consequently, providing high levels of service quality in order to achieve the highest customer satisfaction is regarded as the most important goal for many businesses in order to gain customer loyalty (Reichheld and Sasser 1990; Zeithaml, Parasuraman & Berry 1990). In general, it

is commonly argued that a high level of service quality leads to a high level of customer satisfaction.

The results of this research were in accordance with the research conducted by Quddus & Hudrasyah (2014), Caruana (2002), Khanlari (2008), Lien C.h. , Wu, Chen, & Wang (2014), Kishada & Wahab (2015), Tanudjaya (2014), and Ibojo & Asabi (2015) who found that customer satisfaction had a positive impact on mediating service quality toward customer loyalty.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

From the results of data analysis, the conclusions in this research are as follows:

1. Tangibility had positive impact on customer satisfaction. The research result showed that the greater the tangibility, the greater the customer or patient satisfaction.
2. Reliability had positive impact on customer satisfaction. The research result showed that the greater the reliability, the greater the customer or patient satisfaction.
3. Responsiveness had positive impact on customer satisfaction. The research result showed that the greater the responsiveness, the greater the customer or patient satisfaction.
4. Assurance had positive impact on customer satisfaction. The research result showed that the greater the assurance, the greater the customer or patient satisfaction.
5. Empathy had positive impact on customer satisfaction. The research result showed that the greater the empathy, the greater the customer or patient satisfaction.
6. Customer satisfaction had positive impact on trust. The research result showed that the greater the customer or patient satisfaction, the greater the trust.

7. Customer satisfaction had positive impact on customer loyalty. The research result showed that the greater the customer or patient satisfaction, the greater the customer loyalty.
8. Trust had positive impact on customer loyalty. The research result showed that the greater the trust, the greater the customer or patient loyalty.
9. Trust had positive influence in mediating customer satisfaction toward customer loyalty. The research result showed that the greater the customer satisfaction, the greater the trust and the greater the trust, the greater the customer loyalty.
10. customer satisfaction had positive influence in mediating service quality toward customer loyalty. This shows that the greater the service quality, the greater the customer satisfaction and the greater the customer satisfaction, the greater the customer loyalty.

5.2. Research Limitations

1. Sample that had been used in this study were only patients who went to clinic. Thus, the result cannot be generalized in another health sector in general and only limited to the area in which the sample was taken, dental clinic.
2. Questions that were being arranged on questionnaires did not give an opportunity to the respondents to give other different answers, except those which have been provided.

5.3. Recommendations

1. For Dental Clinic Business Owner

The results of the research had implications on managerial policy. Thus, it can be used as a reference by clinic management in determining policy priority scale that should be taken. The results of this research were able to prove that the quality of service can create satisfaction and loyalty. Therefore, it is advisable for the clinic to pay more attention to the quality of services such as improving the ability of employees in implementing service quality dimensions such as tangibles, reliability, responsiveness, assurance, and empathy. To increase the customer satisfaction and customer loyalty, the factor of trust should also be considered. The researcher believe that trust can trigger the desire to do the repurchasing services and create the favourable behaviour for dental clinics such as, spreading positive word of mouth, providing recommendations to other and correcting errors or deficiencies in the dental clinic.

2. For Future Researchers

The research sample was only taken from dental clinic patients domiciled in Yogyakarta. Thus, the results was less generalizable to other regions in Indonesia. In the future research, samples can be taken from selected rural and urban areas with more complex sampling techniques. Besides that, samples can represent the diversity contained in the country. The future researchers were also suggested to conduct the research in other institution. Different

result might be found because those differences can enrich the results of this research.

3. For Marketers

This research will give understanding about the healthcare service industry including which factor that should be considered such as dimensions in SERVQUAL adapted for the health industry especially for dental clinic, for example the hygiene of the clinic, maintaining up to date equipments, determining the standard operation procedure in handling customer, the time management for the patients, providing reminder for next visit and many more. Those are recommendations based on SERVQUAL adapted for dental clinic from the research result in order to create the customer satisfaction and also the customer loyalty. Ease to improve the satisfaction and also trust of the dental clinic patients.

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APPENDICES