

# THE ROLE OF CUSTOMER SATISFACTION IN MODERATING THE EFFECT OF SERVICE QUALITY AND PRODUCT QUALITY ON CUSTOMER LOYALTY

Gede Wahyu Dwiguna<sup>1</sup>, I Gst Ngurah Jaya Agung Widagda K<sup>2</sup>

<sup>1,2</sup> Udayana University

<sup>1,2</sup> Faculty of Economics and Business, Bali, Indonesia

**ABSTRACT:** Satisfaction is one of the keys to forming customer loyalty. Service quality and product quality are important elements that must be considered to create customer satisfaction which will further affect customer loyalty. This study aims to determine the role of customer satisfaction in moderating the effect of service quality and product quality on customer loyalty. This research was conducted in Denpasar City, with 150 respondents who were taken by purposive sampling technique. The object in this study was customer loyalty to McDonald's consumers. Data collection was carried out through questionnaire collection. The data analysis technique used was moderated regression analysis. Based on the results of the analysis found that service quality has a positive effect on customer loyalty, product quality has a positive effect on customer loyalty, customer satisfaction affected the effect of service quality on customer loyalty and customer satisfaction strengthens the effect of product quality on customer loyalty. McDonald's management could provide a unique and attractive product display that was easily attractive, always uses fresh ingredients to improve product quality, creates superior products that were not yet supported by competition, provides special discounts for loyal customers, improves service quality, provides guarantees security for its customers, a guarantee of compensation if service quality did not match what was promised to increase customer loyalty and was not approved by the acceleration of other fast-food restaurants.

**KEYWORDS:** service quality, product quality, customer satisfaction, customer loyalty.

## I. INTRODUCTION

Along with the level of community welfare, there were currently many types of restaurants that have sprung up, ranging from tent cafes, traditional restaurants, fast food to restaurants with western foods (Darmajaya and Sukawati, 2018). This condition causes quite high competition. Companies were required to continue to exist to survive in the business, so companies do ways such as making a variety of innovations and developing companies to obtain optimal profits and could strengthen the brand image in the face of competition (Kurniawati *et al*, 2014). Busy parents have a career because they did not have time to prepare food at home, so they prefer to buy food outside the home which of course could be obtained in a short time. The majority of Indonesian respondents prefer visiting fast food outlets compared to other types of restaurants when they want to eat outside the home (Prasada and Ekawati, 2018).

**TABLE 1: FAST FOOD RESTAURANT OUTLETS IN INDONESIA 2012-2016**

Categories	Year				
	2012 (Unit)	2013 (Unit)	2014 (Unit)	2015 (Unit)	2016 (Unit)
Franchise	3719	4074	4423	4775	5138
Non Franchise	1508	1534	1555	1574	1589
Total of Fast Food	5227	5608	5978	6349	6727

Source: *Euromonitor International, 2018*

Table 1 showed that the number/units of fast-food restaurants in Indonesia from 2012 to 2016 continued to increase. The increase in the number of fast-food restaurants causes increasingly fierce competition, to win the competition the company was demanded to have its advantages to attract consumers so that it could maintain existing market share.

The various fast food companies that have successfully entered the Top Brand Award from the past three years were as follows:

TABLE 2: TOP BRAND AWARD RESTAURANT FAST FOOD

Brand	TopBrand Index 2016 (%)	Top Brand Index 2017 (%)	Top Brand Index 2018 (%)
KFC	63.9	60.4	42.7
Mc Donald's	18.6	19.0	24.3
A&W	2.6	2.9	6.3
Hoka – Hoka Bento	2.5	3.7	5.8
CFC	2.0	2.7	-

Source: *Top Brand Award, 2018*

Based on Table 2, KFC is in the first position from 2016 to 2018, with the percentage always increasing from year to year. From the top brand index data, it could be seen that KFC controls the fast-food market share in Indonesia, followed by McDonald's second with a more volatile index. McDonald's hasn't been able to beat KFC's market share and is still ranked second based on the index of the top fast-food restaurant trademarks in Indonesia. McDonald's and KFC are the two most popular fast food outlets in Indonesia. Both also often bring up new menus that often become culinary trends, not least throughout 2018.

McDonald's Corporation was first established in 1940 by two brothers Dick and Mac McDonald, before it was bought by Ray Kroc on April 15, 1955, and later expanded to the whole world. As of 2004, McDonald's had 30,000 restaurants worldwide with an average number of visitors of 50,000,000 and visitors per day and 1,700 restaurants. In Indonesia McDonald's restaurant was first established in Sarinah, Jakarta, and opened on February 23, 1991. Unlike most of McDonald's restaurants abroad, McDonald's also sells fried chicken and rice in its restaurants in Indonesia.

The results of the pre-survey, from customer satisfaction on the statement "McDonald's always meet my food needs compared to other fast-food brands" 16 respondents answered agree and 14 respondents answered disagree, showing that satisfaction is very influential on consumer purchases. Secondly, from service quality, in the statement "McDonald's provides a comfortable, clean and neat place" 14 respondents answered agree and 16 respondents answered disagree, thus showing a lack of comfort in the McDonald's City of Denpasar. Third in terms of product quality, in the statement "McDonald's products always use fresh food ingredients" 13 respondents answered agree and 17 respondents answered disagree, indicating that McDonald's product quality is many that rate less. In terms of customer loyalty, in the statement "Buyback McDonald's products repeatedly" 18 respondents answered agree and 12 respondents answered disagree, indicating that increasing customer satisfaction can increase customer loyalty.

Customer loyalty is the result of an initial trial of a product or service that is strengthened through satisfaction so that it will lead to repeat purchases. So that customer loyalty is very important for companies that maintain business continuity (Purnomo and Levina, 2011). Customer loyalty is one of the main drivers of success in business. Maintaining all existing customers, in general, will be more profitable than charging customers because the cost of attracting new customers can be five times the cost of maintaining an existing customer (Kotler, 2007: 207). Customer loyalty has an important role in a company, maintaining them means increasing financial performance and maintaining the company's survival. The benefit of customer loyalty is the reduced influence of attacks from competitors from similar companies, not only competition in terms of products but also competition in terms of perception. Besides, that loyal customers can encourage the development of the company by giving ideas or suggestions to the company to improve product quality (Lovelock & Wirtz, 2011: 338).

Product quality is the ability of a product to carry out its functions, including durability, reliability, accuracy, ease of operation, and improvement, and other valuable attributes (Kotler and Keller, 2013: 153). Product quality is defined as everything that satisfies the customer or according to requirements or needs (Munisih, 2014). Good quality allows consumer satisfaction and will attract new customers so that it is expected to make consumers loyal at the end (Fauzi'ah&Padmantyo, 2014). To get a high product quality, of course, the products produced by the company have distinctive characteristics, product quality perceived by consumers according to existing realities, product diversity, product packaging has a high aesthetic value, and product durability is better than products its competitors (Purwaningsihet *al.*, 2017). So companies need to maintain product quality because the quality of the product will not only have an impact on satisfaction but also have an impact on loyalty.

Service is any action or activity that can be offered by one party to another party which is intangible and did not result in any ownership. A service is a form of system, procedure, or certain method given to others.

Consumer needs can be following consumer expectations with the level of consumer perception (Kotler and Armstrong, 2008: 83). Service quality is the key to business success, five dimensions need attention. There are five dimensions of service quality that are the key to success in business, including physical tangibles, reliability, responsiveness, assurance, and empathy. Catherine *et al.* (2012) stated that service quality is an effort to fulfill the needs and desires of consumers and accuracy in balancing consumer expectations. The service quality can be known by comparing consumers' perceptions of the actual services expected with the services received.

Service quality must start from customer needs that end with customer satisfaction. Customer satisfaction is very important for every organization but several studies show that satisfying customers alone are not enough because there is no

guarantee that satisfied customers will become loyal customers (Darwin and Kunto, 2014). One of the factors that can determine in marketing is customer satisfaction itself, if customers are disappointed it will be a destroyer of the company. Therefore customer satisfaction can be the cause of customer loyalty (Artha and Seminary, 2019).

One variable that is often found to be related to service quality and customer loyalty is satisfaction. Customer satisfaction has a close relationship with service quality, where satisfied customers are driven to establish strong bonds with the company. According to Kotler and Armstrong (2012: 222), satisfaction is the feeling of pleasure or disappointment someone who arises because of comparing the performance that has been perceived by the product (or results) against their expectations. According to Kotler and Keller (2012: 139) consumer loyalty is obtained due to a combination of satisfaction and complaints. If performance fails to meet expectations, consumers will not be satisfied. If performance is in line with expectations, consumers will be satisfied. If performance exceeds expectations, consumers will be very satisfied or happy.

Basic customer satisfaction for every organization to achieve its goals. In other words, the level of customer satisfaction reflects the level of achievement of organizational goals. Satisfied customers tend to create favorable and pleasant relationships with the organization. Increasing customer satisfaction is the company's obligation to be able to maintain customer loyalty. The results found that customer satisfaction has a positive and significant effect on customer loyalty (Arokiasamy, 2012). Customer satisfaction is a level where the needs, desires, and expectations of customers can be met which will result in repeat purchases or continued loyalty (Regan *et al.* 2009). Bahrudin and Zuhro (2015) in their research showed that there was a positive and significant impact on customer satisfaction on customer loyalty. Kurniasari and Ernawati (2012) also showed the same results that customer satisfaction had a significant effect on customer loyalty. Wulandari *et al.* (2016) state the variable customer satisfaction moderates the effect of service quality on customer loyalty.

Previous studies on the effect of product quality on customer loyalty have been carried out. Research conducted by Kusumawati (2017) and Sembiring (2014) found that product quality had a positive and not significant effect on customer loyalty. In contrast to research conducted by Wulandari *et al.* (2016), Amarangana and Rahanatha (2018), and Susanti and Wardana (2015) who found that product quality had a positive and significant effect on customer loyalty.

Previous research on the effect of service quality on customer loyalty conducted by Wulandari *et al.* (2016) and Sembiring (2014) found that service quality had a positive and significant effect on customer loyalty. A different result was found by Kusumawati (2017) who found that service quality had a positive and not significant effect on customer loyalty. Seeing the research gap above which states that there is a positive and negative effect on service quality on customer loyalty and a positive and insignificant influence on product quality on loyalty, this study uses the satisfaction variable as moderation on the effect of service quality on loyalty and product quality on loyalty.

## II. CONCEPTUAL MODEL AND HYPOTHESIS DEVELOPMENT

### The Effect Of Service Quality On Customer Loyalty

Service is any action or activity that can be offered by one party to another party which is intangible and did not result in any ownership. A service is a form of system, procedure, or certain method given to others. This, consumer needs are following consumer expectations with the level of consumer perception (Kotler & Armstrong, 2008: 83). Research conducted by Yesenia and Edward (2014) states that service quality has a positive effect on customer satisfaction but is not significant. Other research conducted by Chodzaza (2013), Peng (2015), Kuntari *et al* (2016) also obtained positive results namely service quality has a positive and significant effect on customer loyalty. Based on the theory and description above, the hypothesis can be formulated as follows:

**H<sub>1</sub>: Service quality has a significant positive effect on customer loyalty** **The Effect Of Product Quality On**

### Customer Loyalty

Product quality is defined as everything that satisfies the customer or according to requirements or needs (Munisih, 2014). According to the research of Afshar *et al.* (2011), product quality directly affects customer satisfaction and customer satisfaction directly influences positive behavioral intentions. Raharjo's research (2013) states that product quality has a positive effect on customer loyalty. Besides, Alfin (2013) states that there is a significant influence between product quality on customer loyalty. Research conducted by Fauzi'ah and Padmantyo (2014) also states that product quality significantly influences customer loyalty. Based on the theory and description above, the hypothesis can be formulated as follows:

**H<sub>2</sub>: Product quality has a significant positive effect on customer loyalty.**

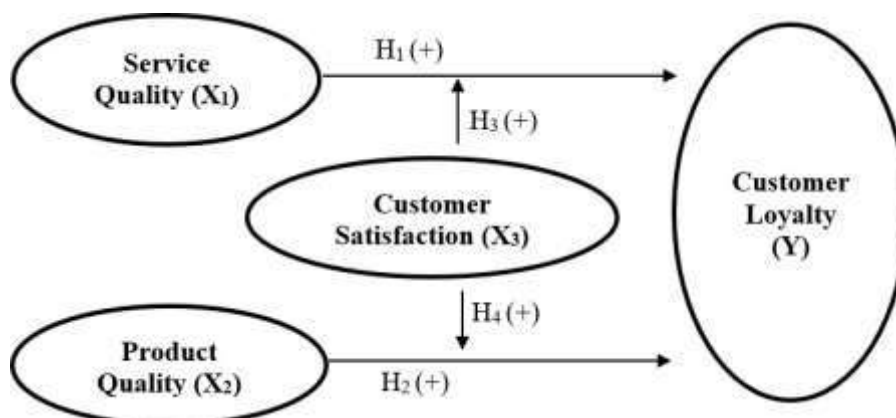
**The Role Of Customer Satisfaction In Moderating The Effect Of Service Quality On Customer Loyalty** Service quality and customer satisfaction are inseparable because better service quality will further increase customer satisfaction. According to research by Kumalaningrum *et al.* (2016) consumer satisfaction plays a role in moderating the effect of service quality on CS Kopi Tubruk customer loyalty. Other studies from Prasetya *et al.* (2017) found the results that consumer satisfaction moderates the effect of service quality on customer loyalty of Crowzy Bubble Restaurants. Based on this the following hypothesis is formulated:

**H3: Customer satisfaction moderates the effect of service quality on customer loyalty**

**The Role Of Customer Satisfaction Moderates The Effect Of Product Quality On Customer Loyalty**

For customer-centered companies, customer satisfaction is the goal and goal of marketing. At present the company must better pay attention to the level of customer satisfaction. If performance exceeds expectations, consumers will be very satisfied or happy. According to Abdul's research (2017) consumer satisfaction plays a role in moderating the effect of product quality on customer loyalty AI MunawwirKopontren. Based on the theory and description above, the hypothesis can be formulated as follows:

**H4: Customer satisfaction moderates the effect of product quality on customer loyalty**



**Figure 1: Conceptual Model**

**III. RESEARCH METHODOLOGY**

The approach used was a quantitative approach with variables forming indicators that refer to several sources and has been modified to fit the research subjects involving variable service quality, product quality, customer satisfaction, and customer loyalty. This research was conducted at the McDonald's City of Denpasar. The reason the researchers chose the location of the research at the McDonald's City of Denpasar is Denpasar as a city center with a dense population so that conditions like this make Denpasar a strategic area for marketing products with high consumption patterns. The object of this research was McDonald's consumers in the city of Denpasar.

The population in this study were consumers who live in the city of Denpasar and have or have purchased products at McDonald's. This study used 150 respondents from Denpasar City. According to Sugiyono (2018: 164) the research sample could be said to be valid, if the study has at least 100 respondents, so the sample in this study could already be said to be valid. The sampling method used in this study was the non-probability sampling chosen is purposive sampling, namely the sampling technique using certain considerations, the criteria for determining the sample in this study are as follows:

- 1) Respondents were at least 17 years old. This consideration is used because the average respondent is the young respondent and the respondent was expected to understand the contents of the questionnaire statement that would be given so that they can make their own decisions in determining whether they are loyal to the purchase of goods or services.
- 2) Based in Denpasar City.
- 3) Respondents who have bought and consumed McDonald's products more than once.

The data collection method in this study is a survey method using a Likert scale questionnaire. The data analysis technique in this study is moderated regression analysis (MRA).

**TABLE 3: INDICATOR OF RESEARCH VARIABLES**

Variables	Indicator	Source
Service quality (X <sub>1</sub> )	1. Tangibility (X <sub>1.1</sub> )	Tjiptono (2014)and Griffin (2005)
	2. Empathy (X <sub>1.2</sub> )	

	3.	Responsiveness ( $X_{1,3}$ )	
	4.	Reliability ( $X_{1,4}$ )	
	5.	Assurance ( $X_{1,5}$ )	
Product quality ( $X_2$ )	1.	Reliability ( $X_{2,1}$ )	Kotler dan Keller (2012)
	2.	Quality prepared ( $X_{2,2}$ )	andTjiptono (2001)
	3.	Durability ( $X_{2,3}$ )	
	4.	Additional privileges( $X_{2,4}$ )	
Customer satisfaction ( $X_3$ )	1.	Overall satisfaction( $X_{3,1}$ )	Amryanti (2013),
	2.	Confirmation of expectation ( $X_{3,2}$ )	Mardikawatiand Farida
	3.	Comparison to the ideal ( $X_{3,3}$ )	(2013)
Customer loyalty (Y)	1.	Say positive things( $Y_{.1}$ )	Amryanti (2013)
	2.	Recommended friend ( $Y_{.2}$ )	
	3.	Repurchase intention( $Y_{.3}$ )	

Source: Previous research

#### IV. RESEARCH FINDING AND DISCUSSION

The characteristics of research respondents are the profiles of the 150 respondents who participated in filling out the research questionnaire. The research data were obtained from the results of a questionnaire that had been distributed to research respondents totaling 150 respondents. The characteristics of the respondents studied included gender, age, education, and occupation. A summary of the characteristics of respondents could be seen in Table 4 as follows:

TABLE 4: RESPONDENT CHARACTERISTICS

Characteristic	Classification	Respondent	(%)
Gender	Male	66	44
	Female	84	56
	<b>Total</b>	<b>150</b>	<b>100</b>
Age	17-20 years old	43	28,7
	21-30 years old	81	54
	>30 years old	26	17,3
	<b>Total</b>	<b>150</b>	<b>100</b>
Education	Senior High School	86	57,3
	Diploma	32	21,3
	Bachelor	32	21,3
	<b>Total</b>	<b>150</b>	<b>100</b>
Occupation	Students	80	53,3
	Private Employees	26	17,3
	Entrepreneurs	18	12
	Government Employees	26	17,3
	<b>Total</b>	<b>150</b>	<b>100</b>

Source: Data processed, 2019

The results of the analysis of characteristics based on gender, age, education, and occupation of the respondents are presented in Table 4:

- In Table 4 above, it could be seen that respondents with females, 84 respondents, or 56.0%, were more dominant than respondents with males, namely 66 respondent or 44.0%.
- In Table 4 above, it could be seen that respondents aged 21-30 years were 81 respondents or 54.0% dominate among others, while respondents with more than 30 years old were at least 26 respondents or 17.3%.
- In Table 4 above, it could be seen that respondents with the most recent high school education were 86 respondents or 57.3% more dominating among the others, while respondents with the latest Diploma and Bachelor education are at least 32 respondents or 21.3%.
- In Table 4 above, it can be seen that respondents with student work, namely 80 respondents or 53.3%, dominate more than others, while respondents with the least number of entrepreneurial jobs were 18 respondents or 12.0%.

## Results

### a) Validity Test

**Table 5: The Result of Validity Test**

Variable	Indicator	r	r table	Information
Service quality (X <sub>1</sub> )	X1.1	0,797	0,30	Valid
	X1.2	0,906	0,30	Valid
	X1.3	0,950	0,30	Valid
	X1.4	0,953	0,30	Valid
	X1.5	0,923	0,30	Valid
Product quality (X <sub>2</sub> )	X2.1	0,640	0,30	Valid
	X2.2	0,766	0,30	Valid
	X2.3	0,857	0,30	Valid
	X2.4	0,782	0,30	Valid
Customer satisfaction (X <sub>3</sub> )	X3.1	0,930	0,30	Valid
	X3.2	0,957	0,30	Valid
	X3.3	0,941	0,30	Valid
Customer loyalty (Y)	Y.1	0,749	0,30	Valid
	Y.2	0,893	0,30	Valid
	Y.3	0,706	0,30	Valid

Source: Data processed, 2019

Based on Table 5 the results of the validity test show that all research instruments used to measure the variable service quality, product quality, customer satisfaction and customer loyalty have a correlation coefficient value with a total score of all statement items greater than r table that is 0.30. This shows that the points of the statement in the research instrument are valid and fit to be used as research instruments.

### b) Reliability Test

**Table 6: The Result of Reliability**

No.	Variable	Cronbach's Alpha	Information
1	Service quality (X <sub>1</sub> )	0,943	Reliable
2	Product quality (X <sub>2</sub> )	0,760	Reliable
3	Customer satisfaction (X <sub>3</sub> )	0,936	Reliable
4	Customer loyalty (Y)	0,691	Reliable

Source: Data processed, 2019

Based on Table 6 the results of the reliability test with the help of SPSS would later produce Cronbach Alpha. It was reliable if the result of Cronbach Alpha is greater than 0.60. So it is stated that all variables meet the reliability or reliability requirements so that they can be used to conduct research.

### c) Uji moderated regression analysis (MRA)

The MRA test is a special application of multiple linear regression. MRA in its regression equation contains interactions, namely the multiplication of two or more independent variables. The results of the MRA test can be seen in Table 7.

**Table 7: The Result of MRA (Moderated Regression Analysis)**

Model	Coefficients				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1(Constant)	1.295	.793			1.634	.104
X1	.083	.033	.136		2.509	.013
X2	.229	.044	.305		5.216	.000
X3	.190	.058	.187		3.265	.001
X1X3	.005	.002	.190		2.863	.005
X2X3	.010	.002	.283		4.081	.000

R Square	0,679
Adjusted R Square	0,668
F statistic	60,897

Sig. F	0,000
--------	-------

Source: Data processed, 2019

Based on the results of the MRA analysis as presented in Table 7, the structural equation can be made as follows:

$$Y = 0,136 X_1 + 0,305 X_2 + 0,187 X_3 + 0,190 X_1X_3 + 0,283 X_2X_3 \dots\dots\dots (2)$$

The results of the equation show the magnitude and direction of the influence of each independent variable on the dependent variable. A positive marked regression coefficient means it has a direct effect on customer loyalty.

d) Coefficient Determination (R<sup>2</sup>)

**Table8: The Results of the Coefficient Determination Analysis Model Summary**

Model Square	R	R Square	Adjusted R	Std. Error of the Estimate
1	.824 <sup>a</sup>	.679	.668	1.047
a. Predictors: (Constant), X2X3, X1, X3, X2, X1X3				
b. Dependent Variable: Y				

Source: Data processed, 2019

Based on Table 8, the magnitude of the influence of the independent variable on the dependent variable shown by the total determination value (Adjusted R Square) of 0.668 means that 66.8% variation in service quality, product quality work, and customer satisfaction as a moderating effect on customer loyalty, while the rest 33.2% is explained by other factors not included in the model.

e) F-test

**Table9: The Result of F-Test ANOVA**

Model	Sum of Df Squares	Mean F Square	Sig.
1 Regression	333.526	5	66.705
Residual	157.734	144	1.095
Total	491.260	149	
a. Dependent Variable: Y			
b. Predictors: (Constant), X2X3, X1, X3, X2, X1X3			

Source: Data processed, 2019

Based on Table 9, it can be seen that a significant value of 0,000 is less than 0.05 (0,000 <0.05) so that the model in this study is feasible or the independent variable can explain the dependent variable, in other words the independent variable simultaneously affect the dependent variable.

**Discussion**

**The Effect Of Service Quality On Customer Loyalty**

Based on the results of the analysis conducted, it can be seen that the significant value for the service quality variable is 0.013 less than 0.05 (0.013 <0.05) with a positive coefficient value of 0.083, so H0 is rejected, in other words, service quality has a significant positive effect on customer loyalty. This means that as service quality increases, customer loyalty increases, conversely service quality decreases, customer loyalty decreases. Research conducted by Yesenia and Edward (2014) states that service quality has a positive effect on customer satisfaction but is not significant. Other research conducted by Chodzaza (2013), Peng (2015), Kuntariet al (2016) also obtained positive results namely service quality has a positive and significant effect on customer loyalty. McDonald's management must pay attention to service quality to maintain customer loyalty because based on the results of the study stated that McDonald's statement guarantees product safety and visitors have the lowest average value. One way to overcome this is by providing fresh raw materials, maintaining personal hygiene, especially hands, kitchen areas, as well as cooking utensils, always maintaining product quality, providing security guarantees to customers, guarantees getting compensation if service quality is not as promised to increase customer loyalty.

**The Effect Of Product Quality On Customer Loyalty**

Based on the results of the analysis conducted, it can be significant value for the product quality variable of 0,000 less than 0.05 (0,000 <0.05) with a positive coefficient of 0.229, so H0 is rejected, in other words product quality has a significant positive effect on customer loyalty. This means that as product quality increases, customer loyalty increases, on the contrary decreases in product quality, customer loyalty decreases. Product quality is

defined as everything that satisfies the customer or meets the requirements or needs of Munisih (2014). According to the research of Afshar *et al.* (2011), product quality directly affects customer satisfaction and customer satisfaction directly influences positive behavioral intentions. Raharjo's research (2013) states that product quality has a positive effect on customer loyalty. Besides, Alfin (2013) states that there is a significant influence between product quality on customer loyalty. Research conducted by Fauzi'ah and Padmanty (2014) also states that product quality significantly influences customer loyalty. McDonald's management should pay more attention to product quality to maintain customer loyalty because based on research, the product statement given has a variety of innovative products has the lowest average value. One way to overcome this is by creating a unique product display, using fresh ingredients. So that while maintaining quality and easy to remember and provide superior products that have not been owned by competitors.

**The Role Of Customer Satisfaction In Moderating The Effect Of Service Quality On Customer Loyalty** Based on the results of the analysis conducted, it can be seen that a significant value for variable service quality with customer satisfaction as a moderating factor of 0.005 is less than 0.05 ( $0.005 < 0.05$ ) with a positive coefficient of 0.005, so  $H_0$  is rejected, in other words, customer satisfaction reinforces the effect service quality to customer loyalty. This means that increasing service quality with customer satisfaction as moderating customer loyalty is also increasing, conversely decreasing service quality with customer satisfaction as a moderating customer loyalty decreases. Service quality and customer satisfaction are inseparable, because the better service quality, the more customer satisfaction increases. According to research by Kumalaningrum *et al.* (2016) consumer satisfaction plays a role in moderating the effect of service quality on CS Kopi Tubruk customer loyalty. Other studies from Prasetya *et al.* (2017) found the results that customer satisfaction moderates the effect of service quality on customer loyalty of Crowzy Bubble Restaurants. The management of McDonald's has to pay more attention to customer satisfaction to strengthen the relationship of service quality with customer loyalty because based on research, McDonald's statement always meets my food needs compared to other fast-food brands that have the lowest average value. One of the ways to overcome this problem is by providing a delivery service or can also work with Gojek or Grab to be more attractive and provide special offers for customers who order through this application.

**The Role Of Customer Satisfaction Moderates The Effect Of Product Quality On Customer Loyalty** Based on the results of the analysis conducted, it can be seen that the significant value for the product quality variable with customer satisfaction as a moderator of 0.010 is less than 0.05 ( $0.010 < 0.05$ ) with a positive coefficient of 0.010, so  $H_0$  is rejected, in other words, customer satisfaction reinforces the effect product quality on customer loyalty. This means that increase product quality with customer satisfaction as a moderating factor is increasing, on the contrary, decreasing product quality with customer satisfaction as a moderating customer loyalty decreases. For customer-centered companies, customer satisfaction is the goal and goal of marketing. At present the company must better pay attention to the level of customer satisfaction. If performance exceeds expectations, consumers will be very satisfied or happy. According to Abdul's research (2017) consumer satisfaction plays a role in moderating the effect of product quality on customer loyalty AI MunawwirKopontren. The management of McDonald's has to pay more attention to customer satisfaction to strengthen the relationship of product quality with customer loyalty because based on research, McDonald's statement always meets my food needs compared to other fast-food brands that have the lowest average value. One way to overcome this is by providing a delivery service or can also work with Gojek or Grab to be more attractive and provide special offers for customers who order through this application.

#### Research limitations

It is important to realize that there are several limitations in this study, as follows:

- a) The scope of this study is limited to the Denpasar City area, so the results of this study cannot be generalized to consumers outside the Denpasar City area and the number of respondents involved is also somewhat lacking. It is hoped that further research can expand the scope of the research area and the number of respondents to get results that can be a reference for companies who want to use this research.
- b) This research is only carried out within a cross-section, while the environment can change at any time so this research needs to be reiterated in the future.
- c) Limited references regarding customer satisfaction related to service quality and product quality to customer loyalty.

### V. CONCLUSIONS AND SUGGESTIONS

Based on the results of the research analysis and the results of the discussion in the previous chapter, the conclusions of this study are as follows:

- 1) Service quality has a significant positive effect on customer loyalty. This means that more service quality increases, customer loyalty will increase.



- 2) Product quality has a significant positive effect on customer loyalty. This means that more product quality increases, customer loyalty will increase.
  - 3) Customer satisfaction strengthens the effect of service quality on customer loyalty. This means that increasing service quality with customer satisfaction as a moderating customer loyalty will increase.
  - 4) Customer satisfaction strengthens the effect of product quality on customer loyalty. This means increasing product quality with customer satisfaction as a moderating customer loyalty will increase.
- Based on the results of the research conclusions, then some suggestions can be given including the following:
- 1) McDonald's management should provide security guarantees to its customers, guarantee to get compensation if the service quality is not as promised to increase customer loyalty.
  - 2) McDonald's management should always innovate new products by adding or updating several menus to attract customers' attention.

#### REFERENCES

- [1]. Abdul, H.S., 2017. Pengaruh Harga, Product quality, dan Kepuasan Pelayanan terhadap Loyalitas Dengan Variabel Moderasi Kepuasan Konsumen Pada AI Munawwir Yogyakarta. *Skripsi*. (Not Published).
- [2]. Afshar, A.J., Mohammad A.H.G, Seyed A.M., Khaled N., and Seyed M.S.K. 2011. Study the Effects of Customer Service and Product Quality on Customer Satisfaction and Loyalty (automotive industries). *Journal of Humanities and Social Science*.1(7). pp: 253-260.
- [3]. Alfin, R. 2013. "Mediation Effect on Customers Satisfaction and Kualitas layanan Product Quality of Customer Loyalty". *Journal of Contemporary Research in Business*. 5(6), pp : 735-745.
- [4]. Amaranggana, A. dan Rahanatha, G.B., 2018. Peran Kepuasan Dalam Memediasi Pengaruh Product quality Terhadap Customer loyalty pada Produk Lipstick merek Purbasari di Kota Denpasar. *E-Jurnal Manajemen Unud*. 7(12). Hal: 6872-6900.
- [5]. Amryanti, R. 2013. Pengaruh Kualitas layanan, Produk, dan Kewajaran Harga Terhadap Kepuasan dan Customer loyalty Pada LnC SKIN CARE Singaraja. *E-JurnalEkonomi dan Bisnis Universitas Udayana*, 2(1), pp:22-29.
- [6]. Arokiasamy, A.R.A., 2012, "The Effect of Marketing Mix and Costomer Perception on Bran Loyalty". *Journal of Business and Management*, 4(2): 1-11
- [7]. Artha, I.N.A.G.J., dan Seminari, N.K., 2019. Peran Kepuasan Konsumen dalam Memoderasi Pengaruh Kualitas layanan terhadap Customer loyalty di Bengkel Honda Auto Global Motor. *E-Jurnal Manajemen UNUD*. 8(1). Hal: 7458-7485.
- [8]. Bahrudin, M., dan Zuhro,S., 2015. Pengaruh Kepercayaan Dan Kepuasan Terhadap Loyalitas Pelanggan. *Jurnal Bisnis dan Manajemen Islam*. 3(1).
- [9]. Catherine, T.Y.P.N.M.S., and Norbayah, M.S., 2012. Kualitas layanan Dimension Effect OnCostumer Satisfaction Towards EBanking. *Journal of Contemporary Research in Business*. 4(1). 364-379.
- [10]. Chodzaza, G.E., and Gombachika H.S.H. (2013). Kualitas layanan, customer satisfaction and loyalty among industrial customers of a public electricity utility in Malawi. *International Journal of Energy Sector Management*, 7(2), 269-282.
- [11]. Darmajaya, I.B.D., Sukawati, T.G.R. 2018. Peran Citra Merek Memoderasi Pengaruh kwalotas produk terhadap Keputusan Pembelian. *E-Jurnal Manajemen Unud*. 7(12). Hal: 6391-6419.
- [12]. Darwin, S. &Kunto, Y. S. 2014. Analisis Pengaruh Kualitas layanan terhadap loyalitas pelanggan dengan Kepuasan dan Kepercayaan Pelanggan sebagai Variabel Intervening pada Asuransi Jiwa Manulife Indonesia- Surabaya. *JurnalManajemenPemasaran Petra*, 2(10). Hal:1-12.
- [13]. Euromonitor International., 2017. Fast Food in Indonesia.<https://www.euromonitor.com/fast-food-in-indonesia>.
- [14]. Fauzi'ah, S., &Padmanty, S. 2014. Pengaruh Kualitas Produk Terhadap Loyalitas Pelanggan dengan Kepuasan Sebagai Variabel Moderasi *Proceeding Seminar Nasional dan Call for Paper Syariah Paper 201*. Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Surakarta.
- [15]. Griffin, J., 2005, *Loyalitas Pelanggan Menumbukan dan Mempertahankan Kesetiaan Pelanggan*, Jakarta: Erlangga [16]. Kotler, P., 2007. *Manajemen Pemasaran* Jilid 2, Edisi 12. Pt Indeks: New jersey.
- [17]. Kotler, P., and Keller, 2012, *Marketing Management Edisi 14*, Global edition. Pearson Prentice Hall.
- [18]. ————2013, *Manajemen Pemasaran*, Jilid 1, Edisi 13, Erlangga.
- [19]. Kumalaningrum, F., Widajanti, E., dan Sutarno., 2016. Analisis Pengaruh Kualitas layanan terhadap Loyalitas Konsumen dengan Kepuasan Konsumen sebagai Variabel Moderasi (Studi pada Konsumen CS Kopi Tubruk Surakarta). *Jurnal Ekonomi dan Kewirausahaan*. 16(2). Hal: 226-233.
- [20]. Kuntari, B.D., 2016. Pengaruh Kualitas layanan terhadap Kepuasan dan Customer loyalty. *Jurnal Administrasi Bisnis (JAB)*. 36(1): 196-202. Malang: Universitas Brawijaya.

- [21]. Kurniasari, N., dan Ernawati, N., 2012. Pengaruh Kepuasan Pelanggan, Kepercayaan, Dan Harga Terhadap Loyalitas Pelanggan Laundry Kencling Semarang. *Jurnal Mahasiswa Q-Man*. 1(3). Hal: 57-68.
- [22]. Kurniawati, D., Suharyono., Kusumawati, A., 2014. Pengaruh Citra Merek dan Product quality terhadap Kepuasan dan Customer loyalty (studi pada pelanggan KFC cabang Kawi Malang). *Jurnal Administrasi Bisnis*. 14(2). Hal :1- 9.
- [23]. Kusumawati, I., Andarwati., Hadiwidjojo, D., Pengaruh Kualitas Produk Dan Layanan Terhadap Loyalitas Pelanggan Coffe Shop. *Jurnal Manajemen Brawijaya*. 22(2). Hal: 123-129.
- [24]. Lovelock, C., dan Wirtz, J., 2011. *Pemasaran Jasa Perspektifedisi 7*. Jakarta: Erlangga.
- [25]. Munisih, S., & Soliha, E., 2014. Pengaruh Kualitas Produk Terhadap Nilai Pelanggan Dan Kepuasan Pelanggan Dan Dampaknya Pada Loyalitas Pelanggan Apotek Dela Semarang. *Proceeding Fakultas Ekonomi. Universitas Stikubank Semarang*.
- [26]. Porral, C.C., and Lang, M.F., 2015. Private labels, The role of manufacturer identification, brand loyalty and image on purchase intention. *British Food Journal*, 117/2, 506-522. doi: 10.1108/BFJ-06-2014-0216.
- [27]. Prasada, I.P.E.A., dan Ekawati, N.W., 2018. Peran Customer satisfaction Memoderasi Persepsi Harga terhadap Customer loyalty (studi pada pelanggan produk McDonald's di Kota Denpasar). *E-Jurnal Manajemen UNUD*. 7(10). Hal: 5284-5313.
- [28]. Prasetya, W.B., Suddin, A. dan Saputra, S.D., 2017. Analisis Pengaruh Kualitas layanan terhadap Loyalitas Konsumen dengan Kepuasan Konsumen sebagai variabel Moderasi. *Jurnal Ekonomi dan Kewirausahaan*. 17(3). Hal: 469-475.
- [29]. Purnomo dan Levina. 2011. *Merek & Psikologi Konsumen*. Bandung: Graha Ilmu.
- [30]. Purwaningsih, Y., Darsin., Paramita, P.D., Mastisia, A. 2017. Pengaruh Daya Tarik Iklan, Reputasi Merek, Dan Kualitas Produk Terhadap Loyalitas Pelanggan Dengan Minat Pembelian Ulang Sebagai Variabel Moderating Di Perusahaan Kecap Kuda Kaloka Di Salatiga. *Journal of Management*. 3(3).
- [31]. Raharjo, A., 2013. Pengaruh Kualitas Produk Terhadap Loyalitas Konsumen Yang Dimediasi Oleh Kepuasan Konsumen Pengguna Kartu AS. *Jurnal Manajemen*. 9(1) :30-44.
- [32]. Regan, L., dan Hing, P.L., 2009. Investigasi The Driver Dari Kepuasan Perbankan UKM 'Di Hong Kong. *Journal City University of Hong Kong*.
- [33]. Sugiyono. 2018. *Metode Penelitian Kuantitatif (untuk penelitian yang bersifat Eksplorasi, Enterpretif, Interaktif dan Konstruktif)*. Bandung: Alfabeta.
- [34]. Susanti, N. P. H., Wardana, I. 2015 Pengaruh Kualitas Produk Dan Citra Merek Terhadap Kepuasan Loyalitas Pelanggan Pada Produk Kosmetik Hijau Merek The Body Shop. *E-Jurnal Manajemen Universitas Udayana*, 4(2).
- [35]. Tjiptono, F., 2014. *Pemasaran Jasa*. Jakarta: Gramedia Cawang.
- [36]. TOP Brand Award, 2018. <http://www.topbrand-award.com/>. Serach on 25 Maret 2018.
- [37]. Wulandari, R., Wardaningsih, S.S., Widajanti, E. 2016. Pengaruh Kualitas Produk, Kualitas layanan Dan Promosi Terhadap Loyalitas Konsumen Dengan Kepuasan Konsumen Sebagai Variabel Moderasi (Studi Pada Konsumen Larissa Aesthetic Center Solo). *Jurnal Ekonomi dan Kewirausahaan*. 16(2). Hal: 242-252.
- [38]. Yesenia, Y. Edward, H.S., 2014. Pengaruh Kualitas layanan dan Produk terhadap Kepuasan serta Loyalitas Pelanggan Kentucky Fried Chicken di Tangerang Selatan. *Jurnal Manajemen dan Organisasi*. 5 (3). 183-199.