

**THE EFFECT OF PERCEIVED PERFORMANCE EXCELLENCE
AND SATISFACTION TO CUSTOMER LOYALTY
(EMPIRICAL STUDY ON MIXUE ICE CREAM AND TEA
CUSTOMERS IN SURAKARTA)**

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ABSTRACT

This empirical study aims to investigate the relationship between perceived performance excellence, customer satisfaction, and customer loyalty in the specific context of Mixue Ice Cream and Tea customers. By examining these factors, the research seeks to providing perspectives on the factors that influence loyalty to customers and making practical advice for improving customer retention and overall business performance. This is a quantitative study that employs a survey method, using a non-probability sampling technique and also the method of purposive sampling. Researchers carry out descriptive analysis and use the partial least squares (PLS) to analyze data in this study. PLS is a component or variation-based structural equation modeling (SEM) model. Based on the values given to Cronbach's alpha and rho_A it was found that not all variables are considered reliable. All variables were found to be reliable, based on the composite reliability and AVE results. The results of hypothesis testing show that the entire hypothesis is acceptable and has a significant influence on each variable. Perceived performance excellence has been proven to have a positive and significant effect on customer satisfaction. Similarly to the influence of customer satisfaction on loyalty, perceived performance excellence on loyalty has a positive and significant influence. For further research, it is hoped that the researcher can add other variables and utilize variable indicator that has a low level of similarity.

Keywords: Least-squares analysis, reproducibility of results, personal satisfaction

INTRODUCTION

Research Background

Marketing is one of the most important tasks in a firm for sustaining, developing, and earning profits. Marketing activities within a company need to be able to delight its customers and keep the company activities. Considering that consumers are already familiar with marketing operations, many professionals have proposed marketing definitions that appear slightly different yet signify the same thing. This variation is due to looking at marketing from a different angle (Pujianto & Muzdalifah, 2022).

(Lahindah, 2019) States that Indonesia is entering a new age, namely the digital age. The digital age is an era in which new lifestyles are born that are inseparable from

the internet and electronic devices, and digital activities are being carried out in our daily lives. The changes of this era are slowly affecting many aspects of Indonesian people's lives. One of them is the marketing trend in Indonesia, which is starting to shift from traditional marketing to digital marketing. Digital marketing connects with customers by utilizing digital technology, the internet, and its channels for promoting products and services (Winda Atila & Syarvina, 2022).

Mixue has been the talk of netizens lately because this fast-food beverage business from China is intensively expanding new outlets in Indonesia. Mixue doesn't need a lot of money to advertise. Moreover, with the current popularity of brands on social networks, many people are getting interested and automatically

look for Mixue even when they are not given advertising. One of several advantages of Mixue that makes most consumers claim to choose Mixue is because the price is cheap and tastes good (Sandi, 2023).

When it comes to product quality, the higher the quality of the products used, the more satisfied customers will be, and the relatively lower the price will give more value of satisfaction for the customers (Lina, 2022). Customer satisfaction, on the other hand, will also affect customer loyalty as the findings of (Supertini et al., 2020) research show that customer satisfaction has a strong and positive impact on consumer loyalty.

This empirical study aims to investigate the relationship between perceived performance excellence, customer satisfaction, and customer loyalty in the specific context of Mixue Ice Cream and Tea customers. By examining these factors, the research seeks to providing perspectives on the factors that influence loyalty to customers and making practical advice for improving customer retention and overall business performance.

Research Purposes

The following are the aims that researchers in this study want to achieve:

1. To investigate the effect of PPE on satisfaction.
2. Examine the effect of satisfaction on loyalty
3. Analyze the effect of PPE on loyalty.

LITERATURE REVIEW

Customer Loyalty

Customer loyalty can be understood as good behavior regarding a business as evidenced by a consumer's tendency to do business with a particular retailer again, enthusiasm for a particular label, and promotion through word of mouth (Zeithaml et al., 1996). Furthermore,

loyalty is the positive behavior or attitude of a consumer toward a product associated with repeat and consistent purchases that the consumer subsequently recommends the product or company to others (Wulandari et al., 2020).

Relations between Variables

The Connection between PPE and Satisfaction

According to (Auh, 2005), perceived performance excellence (PPE) is referred to as hard attributes and is primarily concerned with the basic service provided and hard attributes, consist of things like competence, functionality, and reliability.

On the other hand, consumer satisfaction is the emotional appraisal made by consumers after they have used a product, whereby the expectations and needs of consumers using it are met. Satisfaction is an emotional appraisal of happiness or dissatisfaction by a consumer, obtained by comparing a product's or result's perceived performance to expectations (Daryanto and Setyobudi 2014: 43) in (Wono et al., 2020).

The Connection between Satisfaction and Loyalty

One of the findings of a study done by (Gultom et al., 2020) with the title "Determinasi Kepuasan Pelanggan Terhadap Loyalitas Pelanggan Melalui Kepercayaan" reveals that customer satisfaction has a strong and positive impact on loyalty from consumers. This is also matching one of the research findings from (Supriyanto et al., 2021), where satisfaction of customers is essential for direct influence on loyalty to bank services.

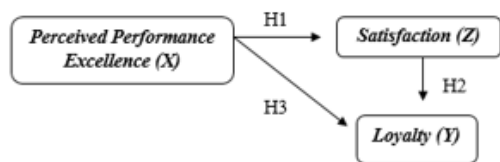


Figure 1. Research Framework
 Source: Researcher

Research Hypothesis

The research hypothesis was created by implementing the research framework depicted in Figure 1 above, which is sequenced as follows:

- H1. PPE influences Satisfaction positively.
- H2. Satisfaction influences Loyalty positively.
- H3. PPE influences Loyalty positively.

RESEARCH METHODS

Research Design

This is a quantitative study that employs a survey method, using a non-probability sampling technique and also the method of purposive sampling. Its objective is to put the suggested theoretical model (Figure 1) to the test by investigating the influence of PPE on satisfaction, the influence of customer satisfaction on customer loyalty, and the influence of PPE on customer loyalty. This study's population consists of customers of Mixue Ice Cream and Tea in Surakarta City, Central Java Province, Indonesia. A purposive random sampling technique was utilized to pick a group of customers who had purchased Mixue products more than three times, were aged 18 years and over, and felt the products they purchased met their expectations. These respondents received questionnaires.

There are (160) respondents who fall into the category of respondents according to the desired criteria, consisting of workers (67), students (92) and (1) fresh graduates. The sample size was selected from the population of Surakarta city (163). The samples involved in this research were obtained from the people of

Surakarta city. The gender of participants is made up of females (98) and males (62). In terms of educational opportunities, there were (94) high school graduates, (15) diplomas, (49) undergraduates, and two postgraduates. Data were collected using a questionnaire.

Research Variable

This study's variables include loyalty as the dependent variable (Y) with three indicators, namely: possibility to visit again, recommendation, and price; perceived performance excellence as an independent variable (X) which includes product and service quality, service speed, employee responsiveness, employee competency; and customer satisfaction as a mediating variable (Z) which includes customer experience, overall service, customer expectations, and service quality.

Data Analysis Method

Data processing

Data from the survey will be sorted and tabulated according to variables. Researchers processed the data by using calculations in the SmartPLS 3.0 software application. Researchers chose to use this software to get faster and easier calculation results.

Data presentation method

In this study, the collected data will be presented in tables and figures. Using tables and figures will make the data easier to analyze and understand, so the data is presented more systematically.

Data statistical analysis

Researchers carry out descriptive analysis by collecting, processing, presenting and describing data to get a good understanding of the difficulties faced. The partial least squares (PLS) approach was utilized to analyze data in this study. PLS is a component or variation-based structural equation modeling (SEM) model.

According to Jogiyanto and Abdillah (2009) in (Evi & Rachbini, 2016), PLS can be used for variant based Structural Equation Modeling (SEM) analysis that can test both measurement models and structural models at the same time. The structural model is used to test causality, whereas the measurement model is used to test validity and reliability (testing hypotheses using prediction models).

Measurement model or outer model

Measuring tools or research instruments that can be accepted according to standards, namely measuring tools that have gone through data validity and reliability tests. Several factors that influence the validity and reliability of data depend on whether the data “collection” instrument or measuring object of a research variable is good or not. Whether a research instrument is good or not is determined by its validity and reliability (Dewi & Sudaryanto, 2020).

RESULTS AND DISCUSSION

This study used a reflective measurement model (outer model). As a result, the following is the outcome:

Outer Model of Reflective Measurement

The indicator's link to the construct is represented by the outer model. Convergent validity, discriminant validity, and construct reliability demonstrate that the initial assessment or measurement model analysis is reflective.

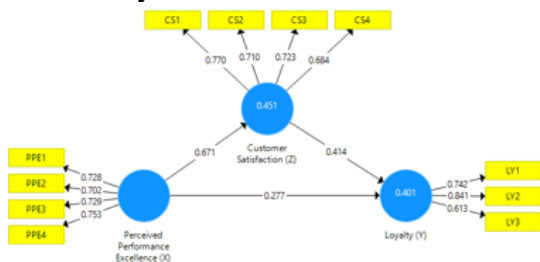


Figure 2. SmartPLS Measurement model (Outer model)

Source: Data processing results, 2023

Tables 1, 2, and 3 provide the results of validity tests for convergent validity, discriminant validity, and construct reliability:

Convergent validity

To begin assessing Convergent Validity, the researcher starts by examining the item reliability (validity indicator) as represented by the loading factor value. Implementing the basic rules (the rule of growth), to be considered valid the loading factor indicator value must be more than 0.7. If the indicator comes out more than 0.7 then the indicator is said to be fit.

Table I. Outer Loading

	Customer Satisfaction (Z)	Perceived Performance Excellence (X)
Customer experience	0.770	
Overall service	0.710	
Customer expectations	0.723	
Service quality	0.684	
Possibility to visit again	0.742	
Recommendation	0.841	
Price	0.613	
Product and services quality		0.728
Service speed		0.702

Employee responsiveness	0.729
Employee competency	0.753

Source: Data processing results, 2023

According to processing results in Table I above show that not all variable indicator loading values in this study proved more than 0.7. Only indicators of variables having loading values higher than 0.7 have significant "validity" and so fulfill convergent validity.

Discriminant validity

Comparing the cross-loading value to the criteria value > 0.7 for each variable in the measurement must be greater than the other variables demonstrates the discriminant validity technique.

Table II. Cross Loading

	Customer Satisfaction (Z)	Loyalty (Y)	Perceived Performance Excellence (X)
Customer experience	0.770	0.455	0.517
Overall service	0.710	0.429	0.488
Customer expectations	0.723	0.469	0.469
Service quality	0.684	0.374	0.465
Possibility to visit again	0.439	0.742	0.438
Recommendation	0.521	0.841	0.507
Price	0.347	0.613	0.231
Product and services quality	0.489	0.498	0.728

Service speed	0.487	0.358	0.702
Employee responsiveness	0.508	0.350	0.729
Employee competency	0.470	0.396	0.753

Source: Data processing results, 2023

According to the discriminant validity findings shown in Table II above, the cross-loading value indicates that there are two indicators having values less than 0.7. So it can be concluded that only variables that have a value that is more than or equal to 0.7 can be considered valid.

Construct reliability

A dependable instrument is one that produces the same data when measured multiple times on the same object. Criteria for establishing construct reliability are as follows:

1. Cronbach alpha strengthens the reliability test. For all constructs, the expected value is greater than 0.7.
2. The value of ρ_A is greater than 0.7.
3. Data with composite reliability greater than 0.6 has good reliability.
4. Extracted Average Variance value expected to be higher than 0.5.

Table III. Construct Reliability

Variable	Customer Satisfaction (Z)	Loyalty (Y)	Perceived Performance Excellence (X)
Cronbach's Alpha	0.694	0.584	0.705
ρ_A	0.694	0.624	0.706
Composite Reliability	0.813	0.779	0.819

Average Variance Extracted (AVE)	0.522	0.545	0.530
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Source: Data processing results, 2023

It is known from the Construct Reliability table:

Cronbach Alpha results

There is only one Cronbach Alpha value of the three variables whose value is more than 0.7 which is found in the Perceived Performance Excellence value at 0.705. According to the value assigned to Cronbach's alpha, not all variables are considered reliable.

Results from rho_A > 0.7

There is only one rho_A value of the three variables whose value is more than 0.7 which is found in the Perceived Performance Excellence value at 0.706. This indicates that following the findings of rho_A, it isn't claimed that each variable are dependable.

Composite Reliability results > 0.6

All of the three variables have a value of more than 0.6. Starting from the Customer Satisfaction variable of 0.813, the loyalty variable of 0.779, and the Perceived Performance Excellence variable of 0.819. All variables were found to be reliable, based on the composite reliability results.

Average Variance Extracted (AVE) results > 0.5

All of the three variables have an AVE value more than 0.5. Starting from the Customer Satisfaction variable of 0.522, the loyalty variable of 0.545, and the Perceived Performance Excellence value of 0.530. According to the AVE results, all of the variables contain an outcome above 0.5, indicating that they all match the required standards.

Hypothesis Testing

Basuki and Saputra (2018) in (Tasrif et al., 2023), claimed that each path coefficient has a significant value

according to this hypothesis test showing whether the constructs have a substantial or insignificant influence. To test hypotheses between study variables, structural model testing is performed. This is evident based the p-value and t-statistic; if the t-statistic value is greater than 1.96, the effect is valid, or if the p-value is lower than 0.05 then the effect is significant.

Table IV. Path Coefficients

	Original Sample (O)	T Statistics (O/STD EV)	P-Value
Perceived Performance Excellence (X) -> Customer Satisfaction (Z)	0.671	9.719	0.000
Customer Satisfaction (Z) -> Loyalty (Y)	0.414	4.042	0.000
Perceived Performance Excellence (X) -> Loyalty (Y)	0.277	2.692	0.007

Source: Data processing results, 2023

According to the structural model test findings in the Table IV, it is known that:

PPE influences satisfaction positively (H1)

The findings indicate that the proposed theory is acceptable. With a t-value of 9.719 > 1.96 and a p-value of 0.000 < 0.05, Table IV above illustrates that perceived performance excellence has a significant effect on customer satisfaction. Then hypothesis H1 perceived performance

excellence influences Satisfaction positively is accepted.

Satisfaction influences loyalty positively (H2)

The findings indicate that the hypothesis two is acceptable. With a t-value of 4.042, which means higher than 1.96 and p-value of 0.000 <0.05, Table IV above illustrates that satisfaction has a significant impact on customer loyalty. Then hypothesis H2 satisfaction influences loyalty positively is accepted.

PPE influences loyalty positively (H3)

The findings indicate that the hypothesis two is acceptable. With a t-statistic of 2.692, which means higher than 1.96 and p-value of 0.007 <0.05, Table IV above illustrates that perceived performance excellence has a significant effect on loyalty. Then hypothesis H3 perceived performance excellence influences loyalty positively is accepted.

Table V. Specific Indirect Effects

Perceived Performance Excellence (X) - > Customer Satisfaction (Z) -> Loyalty (Y)		
Original (O)	Sample	0.278
Sample (M)	Means	0.277
Standard Deviation (STDEV)		0.079
T Statistics ((O/STDEV))		3.515
P-Value		0.000
Information		Positive significant

Source: Data processing results, 2023

Consumer satisfaction acts as a moderating variable. Customer loyalty can be influenced by perceived performance excellence through customer satisfaction, with a higher t-value of 3.515 > 1.96 and a lower p-value of 0.000 <0.05.

CONCLUSION AND IMPLICATIONS

Conclusion

This final assignment was prepared with the aim of knowing the influence of perceived performance excellence and satisfaction on consumer loyalty for Mixue Ice Cream and Tea products. This research considers various factors that are considered to have the potential to have a significant influence on customer loyalty in the future.

According to the findings of the study and discussion of the effects of perceived performance excellence and satisfaction on customer loyalty for Mixue products, researchers can draw several conclusions that perceived performance excellence has been found to positive and significant effect on customer satisfaction. Customer satisfaction has been found to positive and significant effect on loyalty. Perceived performance excellence has been found to positive and significant effect on loyalty.

Implications

These research findings have two ramifications: theoretical implications and managerial implications. Expert theories are related to theoretical implications, which provide an overview of the citations used in this research, including problem references, models, outcomes, and past research goals.

Theoretical implications

Based on the research results obtained, show that perceived performance excellence and customer satisfaction can be used in the food and beverage industry to influence loyalty.

Managerial implications

This study is projected to give several benefits to all parties involved, including:

For the company PT. Zhisheng Pacific Trading (Mixue Indonesia).

The results of this research can be used as material for consideration and evaluation regarding the review of business strategies for PT. Zhisheng Pacific Trading (Mixue Indonesia).

For educational purposes

It is hoped that this research will help to expand knowledge and fill gaps in the literature on business strategies for the food and beverage industries.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

There are several limitations to this research: The first limitation comes from the outer loadings value which is less than "0.7" which is found on two indicators on two different variables which shows that these two indicators cannot be said to be valid. Furthermore, Cronbach Alpha values lower than 0.7 were found in two of the three variables in this study and it can be said that the research questionnaire has a moderate level of reliability. Researchers hope that in future research they can add other variables that influence customer loyalty and utilize each variable indicator that has a low level of similarity.

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