

**PROCESS DELIVERY AND CUSTOMER SATISFACTION AS
MEDIATION CUSTOMER ORIENTATION EFFECT AND PRODUCT
INNOVATION FOR FIXED WIRELINE TELEPHONE CUSTOMER
LOYALTY**

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Abstract

Development of telecommunication technology and high mobility of society at this time, has created a new paradigm that is able to shifting popularity of fixed wireline phone as a society communication media. The purpose of this research for analyzing and explaining effect of customer orientation and product innovation on fixed wireline telephone customer loyalty with process delivery and as mediation customer satisfaction. This research was conducted with positivist approach or quantitative analyze on primer data, using retrieval techniques sample random sampling, with Slovin formula was obtained a sample of 400 respondents. Data analyze techniques used SEM (Structural Equation Modeling) with using a software AMOS 21.0. This result of research show that process delivery and customer satisfaction as mediation between customer orientation and product innovation influence for fixed wireline telephone customer loyalty

Keywords: customer orientation, product innovation, process delivery, customer satisfaction, customer loyalty

Background

Development of communication technology that are accompanied by high mobility society development. This condition in directly triggered by increasingly Information Communication Technology (ICT) world, in the end that encourage nirkabel and selular telephone community growth in Indonesian.

Since the development of cellular technology Global System For Mobile Communication (GSM) at the end of the year, prepaid card technology in early 1998 and more increasing user Code Division Multiple Access (CDMA) technology at the end 2002, gradually start decreasing fixed wireline telephone customer loyalty and start to switch using nirkabel service telephone and selular with more flexible consideration and can be support the needs and mobility of high society. Therefore growth of konvensional communication technology (fixed wireline telephone)

which has been long used in Indonesian is decreasing drastic starting from 2011 year until 2014 year, which can be seen at figure 1.

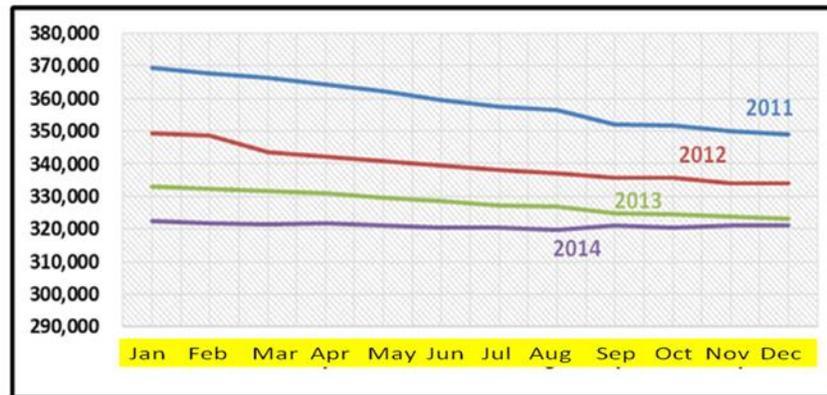


Figure 1. Fixed Wireline Customers Surabaya

Source : PT. Telkom Indonesia

Based on “figure 1” we know there are decreasing of total fixed wireline telephone users in Surabaya, this thing describe a users loyalty of fixed wireline telephone has been decreased. Many factor of being cause of decreasing the loyalty is lack of attention to users fixed wireline telephone that the demand needs of telecommunication still growing and lack of innovation on fixed wireline telephone service. Important for company to understand a needs and customer desire. From understanding of needs and customer desire then a company of telecommunication can doing marketing activity that orientation to customer. As one of the marketing effort done by telecommunication company is a doing intensive interaction between customer with service provider, to be able to create positive perception on customer both in term of service, process delivery, although product innovation, so the company can provide satisfaction to customer who ultimately become loyal customers.

Theoretical Framework

Cannon et al., (2008:20) explains that the concept of marketing is a concept when an organization focuses all its efforts to satisfy its customers profitably, with three basic ideas encompassing customer satisfaction, total enterprise effort and profit, not just sales as a target

Brink and Berndt (2008:90) explain that customer orientation is a view that sees the customer as the focus of attention of all activities within the company. In the internal marketing model, customer orientation results from a marketing-like approach, an approach that not only views external customers as the focus of treatment, but also the interaction between internal functions and the interaction between internal functions and external customers.

According to Rothberg (2010) a company or an innovative product is something that can be distinguished by the previous through its uniqueness in form, function or behavior. Product innovation becomes a vital element in corporate strategy and plans for answering reasons to be in control. This reason consists of changes in consumer behavior and competitors, technological changes, and government policies.

Dourgerty et al., (2010) suggests that product innovation is an important way for companies to remain adaptable to market, technology, and competition. Salavou (2005) uses two dimensions of product innovation, the uniqueness of new products and product newness to consumers.

Svenson (2014) provides the definition of process delivery as "Moment of truth because it encompasses the pivotal moment in the service experience where the business is truly exposed to the customer through different levels of customer interaction, eg human-to-human interaction or technology-to-human interaction". A moment of truth, because of process delivery, includes: the most important moment in a service experience where a business is actually shown to customers through interaction with customers, such as interactions between people or human interaction with technology." In the quality model developed by Gronroos (2014) describes a technical quality dimension which is a representation of what is actually received from the service as a whole as a result of a process. Similarly, functional quality also describes how customers receive services and emphasize service process deliveryes. Thus, the dimension of process delivery is technical quality and functional quality.

Satisfaction can be explained from the root as mentioned by Oliver (2010: 6) that "Satisfaction is derived from the Latin 'satis' (enough) and 'favere' (to do or make). This, satisfying products and services have the capacity to provide what sought to the point of being "enough". Thus, the product or service is said to pass if the products and services have the capacity to provide what is sought to achieve a point that is said to be "Enough". Satisfaction is measured by referring to Dutka (in Grigoroudis and Siskos, 2010: 187) through three categories: (1) Attribute related to the product, (2) Attribute related to the service, and (3) Attribute related to the purchase

Shoemaker and Lewis (2010: 46) states that a truly loyal customer is a customer who can feel strongly that the company is the best company that can meet the customer needs rarely obtained from a competitor. Customer loyalty indicates that the customer is committed to purchasing the products and services of a particular company, will be able to withstand the activities of competitors trying to distract customers from the customer's habits. In this context, the customer has been tied to the company, where the attachment is based on positive feelings toward the company (Brink and Berndt, 2008: 41). Customer loyalty in this research is measured by referring to Buttle (2009: 44) through 2 approaches: behavioral and attitudes.

Developing hypotheses:

The affect of Customer Orientation with Process Delivery:

Customer orientation results from a marketing-like approach, an approach that not only views external customers as the focus of treatment, but also the interaction between internal functions within the company and the interaction between the company's internal functions and external customers. Thus the improvement of the process delivery must also be done in accordance with the expectations and desires of customers. The study conducted by Tang et al., (2011) shows that the company is customer-oriented, the company will strive to provide added value to customers through the process delivery (process delivery) that can provide added value to customers. Then the first hypothesis proposed in this study are:

H₁ :Does customer orientation affect the process delivery?

The Effect of Customer orientation on Customer Satisfaction:

Customer orientation is the core of marketing that is oriented towards satisfying customer needs (Weber and Nevries, 2010: 15; Kotler, 2006: 290; Raab et al., 2008). Thus, it can be explained that customer orientation is a crucial factor in forming customer satisfaction. This is supported by a previous empirical study which also states that there is an impact given by customer orientation on customer satisfaction (Hennig-Thurau, 2004; Jayawardhena et al., 2008; Lee et al., 2010; Ming et al., 2013 ; Tayyab and Rajput, 2014). Then the second hypothesis proposed in this study are:

H₂: There is a significant effect of Customer Orientation on Customer Satisfaction?

The Influence of Product Innovation To Process delivery:

Product innovation is an idea, and systems and technology related to the development or creation of new products, so that the resulting product has uniqueness and novelty. This product innovation is done by the company by looking at customer needs and competitive situation. In the simulation model conducted Gunasekaran and Kobu (2002) explained that the company's process delivery system (process delivery) is determined by the use of information technology and behavior change.

Pishgar et al., (2013) considers that innovation can only occur when there are three domains in it, namely products, processes, and organizations, where the idea, product, or process, system or equipment used in it contains novelty for the group, individuals, as well as the people who are in it and the people involved in similar industry sectors, as well as the wider community. Furthermore, Pishgar et al., Cites Damanpour (1991), that innovation in organizations is a combination of development and implementation of new ideas, new systems, new products, and new technologies. Then the third hypothesis proposed in this study are:

H₃: There is a significant effect of Product Innovation on Process Delivery ?

The Influence of Product Innovation Against Customer Satisfaction:

Pishgar, et al., (2013) argues that There are three domains in innovation, which are products, processes, and organizations, where the ideas, products, or processes, systems or equipment used in them contain novelty for groups, individuals, and people people in it, people involved in

similar industry sectors, and the wider community. (Adhi and Bawono, 2009: 72-73) also revealed that innovation in business will help entrepreneurs in control of changes in the behavior of customers and competitors. That is, product innovation is done to find the customer's desire and the position of competitors, so that it can produce a new product that is unique but still can satisfy the customer.

The model simulation developed by Gunasekaran and Kobu (2002) explains the relationship between product innovation (information technology) and the level of service provided to customers, including customer satisfaction. The empirical study also proves the linkage between product innovation and customer satisfaction (Pishgar et al., 2013). Then the fourth hypothesis proposed in this study are:

H4: There is a significant effect of Product Innovation on Customer Satisfaction ?

The Effect of Process delivery on Customer Satisfaction:

Process delivery is the most important moment in a service experience where business activity is actually shown to customers through interaction with customers, such as interactions between people or human interaction with technology. Interaction between personal and nonpersonal affects the customer's evaluation of the quality of service received by the customer. Thus, customer-related evaluations of the psychological level of performance are based on the employee's in-company behavior, employee skills or employee accessibility levels required to run the business operations of the company's operations when providing services to Svenson customers, in Clare, 2014). A qualitative study conducted by Alcaraz et al., (2009) revealed that process delivery is a variable that affects customer satisfaction (Alcaraz et al., 2009). Then the fifth hypothesis proposed in this study are:

H5: There is a significant effect of Process Delivery on Customer Satisfaction ?

The Effect of Process delivery on Customer Loyalty:

Customer loyalty formed by process delivery has been studied empirically in several studies. A good service process delivery tends to re-purchase and say positive things about the company and make recommendations to others, because customers will be loyal or loyal to the company. Some empirical studies also reveal the effect of process delivery on customer loyalty, research findings conducted by Alcaraz et al., (2009) which states that customer satisfaction is influenced by various factors including process delivery. Then the sixth hypothesis proposed in this study are:

H6: There is a significant effect of Process Delivery on Customer Loyalty ?

The Effect of Customer Satisfaction Against Customer Loyalty:

Customer loyalty formed by customer satisfaction has been extensively studied empirically in several studies. Satisfied customers have a tendency to repurchase and say positive things about the company and recommend to others, because customers are loyal to the company. Some empirical studies also reveal the influence of customer satisfaction on customer loyalty (Hennig

Thurau, 2004; Russell Bennett et al., 2007; Akbar and Parvez, 2009; Zhang and Feng, 2009; Mosahab et al., 2010; Lee, 2010 Jandaghi et al., 2011; Jahanshahi, 2011; Akhtar, 2011; Rai and Medha, 2013; Pishgar et al., 2013; Awara & Anyadighibe, 2014; Tayyab and Rajput, 2014). Then the seventh, eighth and nine hypotheses proposed in this study are:

H7: There is a significant influence of Customer Satisfaction on Customer Loyalty ?

H8: Suspected Process delivery and Customer Satisfaction as mediation of influence Customer Orientation to customer loyalty

H9: Suspected Process delivery and Customer Satisfaction as mediation of influence product innovation to customer loyalty

Theoretical framework for thought:

Based on the description of the variables in the study that originated from the previous studies and theoretical studies, the next step in forming the framework of this research thinking is to correlate the results of emipiris studies that have been done by previous researchers with the results of theory studies so that the problems in • Original File • Back to This research can be formulated in the formulation of the problem which then manifested into a conceptual model of research that is shown as a medium to answer the research hypothesis, in Figure 2 as follows:

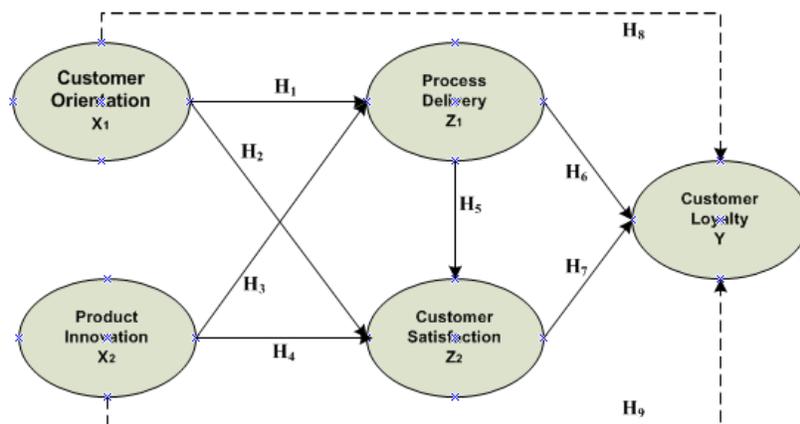


Figure 2. Conceptual Framework

Caption Image Symbol:

- ▶ : Direct Effect
- ▶ : Indirect Effect

Research methods:

This study is an empirical test that will test the hypothesis proposed. Therefore, the approach used in this research is positivism (quantitative) is an inductive study that aims to generalize the results of empirical findings from fixed wire line telephone customer sample in Surabaya general conclusions. While this type of research as confirmatory research that explains the relationship between the variables through hypothesis testing.

Population and Sample:

The population in the study refers to fixed wireline telephone subscriber data in Surabaya which amounted to 321,079 customers spread over 11 service areas. To determine the number of population sampled by Slovin formula. Thus, the number of research samples obtained as many as 400 respondents. After the number of samples in each service area is determined the amount then taken by random sampling.

Data Analysis Technique:

Data analysis techniques used to answer hypothesis testing using structural equation model (SEM) using AMOS 21.0 and SPSS 15.0 program packages. The Structural Equation Model (SEM) is a set of statistical techniques that enable the testing of a relatively complex set of relationships simultaneously (Ferdinand, 2000: 3).

Results And Discussion:

After a model is created, data for model testing has been collected and inputted, and a number of assumptions have been met, then the next stage is to test the AMOS model or measurement model. Measurement model is part of SEM model consisting of latent variable (construct) and some manifest variable (indicator). The purpose of the test is to find out how precisely the manifest variable can explain the latent variables that exist.

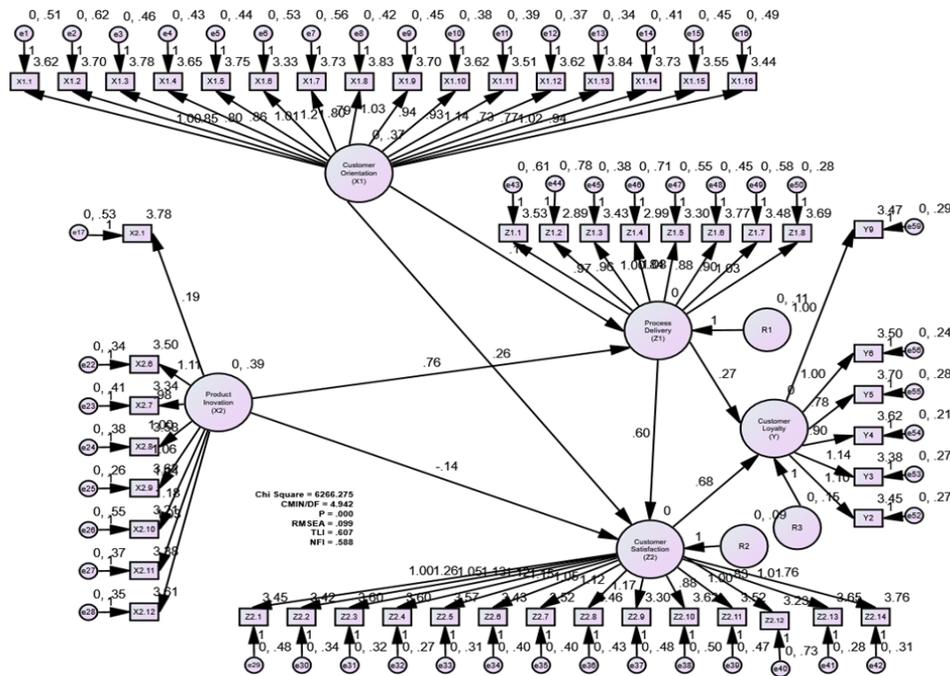


Figure 3. Measurement Model

Source : Data Processed

Table 1. Criteria Evaluation Goodness of Fit Indices Before Modification

Criteria	Result	Critical Values	Description
Chi-Square	6266.275	$\leq \chi^2$ tabel	UnFit
CMIN/DF	4.942	$\leq 2,00$	UnFit
Probability	0.000	$\geq 0,05$	UnFit
RMSEA	0.099	$\leq 0,08$	UnFit
TLI	0.607	$\geq 0,95$	UnFit
NFI	0.588	$\geq 0,94$	UnFit

Source: Data processed

Based on Table 1, it can be seen that the value of chi-squares and probability shows poor results. However, the value of chi-squares is very sensitive to sample size, and the RMSEA value is poor. Therefore, it is recommended to SEM modification model. The result of SEM modification model can be seen table-2, as follows:

Table 2. Criteria Evaluation Goodness of Fit Indices After Modified Model

Criteria	Result	Critical Values	Description
Chi-Square	3691.126	$\leq \chi^2$ tabel	UnFit
CMIN/DF	3.244	$\leq 2,00$	UnFit
Probability	0.000	$\geq 0,05$	UnFit
RMSEA	0.075	$\leq 0,08$	Fit
TLI	0.776	$\geq 0,95$	Marginal
NFI	0.757	$\geq 0,94$	Marginal

Source : Data Processed

Based on table 2, the evaluation of the one step modification model turned out that all of the goodness of fit criteria were used, most of them show the result of the marginal model evaluation, but with the RMSEA Fit, the model has been in accordance with the data. That is, the conceptual model developed and based on theory has been fully supported by facts. Thus this model is the best model to explain the interrelationships between variables in the model.

Hypothesis testing of Structural Equation:

The result of hypothesis testing of Direct Effect (direct influence) based on AMOS calculation result can be seen in table 3, as follows:

Table 3. Results of Hypothesis Testing of Direct Effect

Direct Effect	Estimate	S.E.	C.R.	P	Remarks
Customer Orientation (X ₁) → Process Delivery (Z ₁)	.188	.054	3.469	***	Significant
Customer Orientation (X ₁) → Customer Satisfaction (Z ₂)	.177	.051	3.508	***	Significant

Direct Effect	Estimate	S.E.	C.R.	P	Remarks
Product Innovation (X ₂) → Process Delivery (Z ₁)	.785	.080	9.798	***	Significant
Product Innovation (X ₂) → Customer Satisfaction (Z ₂)	-.128	.101	-1.268	.205	Not Significant
Process Delivery (Z ₁) → Customer Satisfaction (Z ₂)	.674	.117	5.754	***	Significant
Process Delivery (Z ₁) → Customer Loyalty (Y)	.174	.079	2.207	.027	Significant
Customer Satisfaction (Z ₂) → Customer Loyalty (Y)	.776	.110	7.047	***	Significant

Source : Data Processed

The Influence of Customer Orientation To Process Delivery:

Customer orientation has a significant effect on process delivery. This can be seen from the path coefficient which has a value of 0.188 with the value of C.R. amounted to 3.469 and obtained the probability significance (p) of 0.000 with a value smaller than the significance level (α) specified at 0.05. Thus the customer orientation effect directly on the process delivery of 0.188, which means that any increase in customer orientation will increase the process delivery by 0.188. So the first hypothesis reads: "There is an effect of customer orientation on process delivery" is proven.

Customer orientation results from a marketing-like approach, an approach that not only views external customers as the focus of the customer, but also the interaction between internal functions and the interaction between the organization's internal functions and external customers. Thus the improvement of the process delivery must also be done in accordance with the expectations and desires of customers. This is in line with the results of the description of the indicator of the customer orientation variable indicates that the majority of respondents stated that employees of fixed wireline telephone service provider who is ready to receive complaints from customers.

Changes that occur in customer orientation will give a significant influence that can cause changes in process delivery. Theoretically customer orientation is defined as a form of understanding that views the fulfillment of customer needs and wants as the main priority that must be met by the company (Brink and Berndt, 2008: 90; Raab et al., 2008: 10). When applied in the context of this research, customer orientation is a form of desire from the company to provide the best service in fulfilling the needs and wants of its customers, also inline with the mission of the company as the service provider.

The Influence of Customer Orientation To Customer Satisfaction:

Customer orientation has a significant effect on customer satisfaction. This can be seen from the coefficient of the path that has a value of 0.177 with the value of C.R. of 3.508 and obtained a probability significance (p) of 0.000 with a value smaller than the significance level (α) specified at 0.05. Thus customer orientation has a positive and significant effect on customer satisfaction of 0.177, which means that any increase in customer orientation will increase customer satisfaction by 0.177. So the second hypothesis reads: "There is a significant effect of customer orientation on customer satisfaction" is proven.

The findings of this study proves that customer orientation has a positive and significant impact on customer satisfaction. Hypothesis test results from this study indicate that customer orientation has a significant influence on customer satisfaction, which means an increase in customer orientation can provide a significant influence that leads to an increase in customer satisfaction. This means, the higher the customer orientation strategy applied by the company can be one of the reliable strategies to be able to meet customer expectations, so that customers feel satisfaction in using fixed wireline telephone products. If we analyze the results of the respondent's description of the respondent's indicator to the customer orientation variable, it can be drawn an assumption that customer satisfaction is increasing because of the attention to customer complaint handling by the service provider company. Although not covered by other crucial factors that can affect the increase in customer satisfaction, but based on the data respondents answer shows that the acceptance and handling of customer complaints to be one cause of increased customer satisfaction. As has been explained before, that customer orientation in the context of this research is a form of desire from the company to be able to provide the best service and understand and meet what the needs and wants of customers in accordance with the mission and goals of the company, while customer satisfaction is defined by Kotler and Keller (2009: 139) as a customer feeling, which can be pleasure or disappointment. The feeling of delight shows that customers are satisfied that their expectations are met, that the performance of service providers in various aspects can exceed customer expectations. Conversely, the customer's disappointment is obtained if the needs and wants fail to be fulfilled by the company. In the context of this research, customer satisfaction implies a fit between customer expectations and fulfillment to customers.

These findings are in line with Customer orientation as the core of marketing that is oriented towards satisfying customer needs (Weber and Nevries, 2010: 15; Raab et al., 2008). Thus can be explained that customer orientation is a crucial factor in shaping customer satisfaction. This is supported by a previous empirical study which also states that there is an impact given by customer orientation on customer satisfaction (Hennig-Thurau, 2004; Jayawardhena et al., 2008; Lee et al., 2010; Ming et al., 2013 ; Tayyab and Rajput, 2014).

Findings Hennig Thurau (2004), which has relevance with this research indicates that customer orientation has a significant effect on customer satisfaction. Lee and Chen (2010), which has relevance to this research indicates that customer orientation has a significant effect on customer

satisfaction. Tayyab and Rajput (2014), found that customer orientation has a significant effect on customer satisfaction.

Effect of Product Innovation on Process Delivery:

Product innovation has a significant effect on process delivery. It is seen from the coefficient of the path that has a value of 0.785 with the value of C.R. equal to 9,798 and obtained the probability significance (p) equal to 0,000 with value smaller than level of significance (α) specified equal to 0,05. Thus, product innovation has a positive and significant effect on process delivery of 0.785, which means that any increase in product innovation will increase the process delivery by 0.785. So the third hypothesis says: "There is a significant effect of product innovation on process delivery" is proven.

The findings of this study prove that product innovation has a positive and significant impact on customer process delivery. This means that an increase in product innovation will improve the shift in process delivery.

Product innovation is an idea, idea, and systems and technology related to the development or creation of new products, so that the resulting product has uniqueness and novelty. This product innovation is done by the company by looking at customer needs and competitive situation. In the simulation model conducted Gunasekaran and Kobu (2002) explained that the company's process delivery system (process delivery) is determined by the use of information technology and behavior change.

On the one hand, Pishgar et al., (2013) considers that innovation can only occur when there are three domains in it, namely products, processes, and organizations, where the idea, product, or process, system or equipment used therein the novelty for the group, the individual, and the people in it and the people involved in similar industry sectors, as well as the wider community.

Effect of Product Innovation on Customer Satisfaction:

Product Innovation has no significant effect on customer satisfaction. This is seen from the coefficient of the path that has a negative value of -0.128 with the value of C.R. equal to -1.268 and obtained the probability significance (p) of 0.205 whose value is greater than the significance level specified at 0.05. Thus Product Innovation has a negative and insignificant effect on customer satisfaction, meaning any increase in Product Innovation may not necessarily increase customer satisfaction. So the fourth hypothesis says: "There is a significant effect of Product Innovation on customer satisfaction" is not proven.

The findings of this study indicate that product innovation has no significant effect on customer satisfaction. This means that changes in product innovation do not have a significant effect on customer satisfaction. The direction of the changes that occur is inversely proportional, which can be known from the negative value of the standard estimate, so that the increase in product innovation will actually cause a decrease in customer satisfaction. In the context of this research,

the creation of new products by service providers in the form of new program innovations in fixed wireline telephone services will actually lead to a decrease in compliance with customer expectations.

If we look at the results of the descriptive analysis of indicators of respondents' answers to product innovation indicators, it can be seen that most respondents consider that new products created by service providers, ie innovation of new programs in fixed wireline telephone service, require time and process of learning by customers can use it. In addition, based on the lowest average value perceived by customers, it is known that the new fixed wireline telephone program is poorly promoted by the service provider company, or has been promoted but not yet maximized so that many customers do not understand the innovative product. This triggers an assessment of the low level of product innovation by service providers

EmpirisArief research (2007: 165) which explains that product innovation is closely related to customer satisfaction. If consumer expectations of product innovation produced by the company will get high value from customer satisfaction (customer satisfaction) and then will create consumer (customer delight). Conversely, if, the needs and desires of customers are not met, then that arises is consumer dissatisfaction. The lower the level of customer satisfaction with the resulting product innovation, the more likely it is for the consumer to make many complaints and leave the company.

Effect of Process delivery on Customer Satisfaction:

Process delivery has a significant effect on customer satisfaction. It is seen from the coefficient of the path that has a value of 0.674 with the value of C.R. of 5.754 and obtained a probability significance (p) of 0.000 with a value smaller than the significance level (α) specified at 0.05. Thus the process delivery has a positive and significant impact on customer satisfaction of 0.674, which means that any increase in process delivery can increase customer satisfaction by 0.674. So the fifth hypothesis reads: "There is a significant effect of process delivery on customer satisfaction" is proven.

Research findings that prove the fifth hypothesis in the study "There is a significant effect of process delivery on customer satisfaction" is accepted. This proves that the better the process delivery, it can increase customer satisfaction. The results of this study also reinforced with the findings Alcaraz et al., (2009) revealed that process delivery is a variable that affects customer satisfaction. Similarly, in line with Svenson's opinion (2014) who argues that process delivery is the most important moment in a service experience where business is actually shown to customers through interaction with customers, such as human interaction or human interaction with technology. Interpersonal and nonpersonal interactions affect customer evaluation of the quality of service received by customers. Thus, customer evaluation is related to the level of performance can be psychologically based on the behavior of company employees, employee

skills, or employee accessibility levels required in the process. Process or process is one of the variables in the marketing mix that can be used to maintain customer satisfaction, and the automation or use of such a technology of self-service plays a key role in this process (Ferrel et al., 2012: 11).

Effect of Process delivery on Customer Loyalty:

Process delivery has a significant effect on customer loyalty. This can be seen from the path coefficient which has a value of 0.174 with the value of C.R. 2.207 and the probability significance (p) with value of 0,027 was lower than the specified significance level (α) of 0.05. Thus the process delivery has a positive and significant impact on customer loyalty of 0.174, which means that every increase in process delivery will increase customer loyalty by 0.174. So the sixth hypothesis which reads: "There is a significant influence of process delivery on customer loyalty" is proven.

The result of the research in the previous chapter shows that process delivery gives a significant influence to customer loyalty, which means that an increase in process delivery can increase customer loyalty. This suggests that process delivery is the process of delivering services from service providers to customers can directly affect customer loyalty.

Customer loyalty is a factor that comes from within the customer, manifested in the customer's commitment to always make certain product purchases and usage, unaffected by the presence of other similar products (Brooks, 2010: 3; Zichermann & Linder, 2010: 13; Brink & Berndt, 2008: 41). If operationalized in accordance with the context of this research, customer loyalty is a form of customer loyalty to constantly use the products and services of the service provider company.

Effect of Process delivery on Customer Satisfaction:

Process delivery (Z1) has a significant effect on customer satisfaction (Z2). It is seen from the coefficient of the path that has a value of 0.674 with the value of C.R. of 5.754 and obtained a probability significance (p) of 0.000 with a value smaller than the significance level (α) specified at 0.05. Thus the process delivery has a positive and significant impact on customer satisfaction of 0.674, which means that any increase in process delivery can increase customer satisfaction by 0.674. So the fifth hypothesis reads: "There is a significant effect of process delivery on customer satisfaction" is proven.

Research findings that prove the fifth hypothesis in the study "There is a significant effect of process delivery on customer satisfaction" is accepted. This proves that the better the process delivery, it can increase customer satisfaction. The results of this study also reinforced with the findings Alcaraz et al., (2009) revealed that process delivery is a variable that affects customer satisfaction. Similarly, in line with Svenson's opinion, in (Clare, 2014) who argues that process delivery is the most important moment in a service experience where business is actually shown to customers through interaction with customers, such as human interaction or human interaction

with technology. Interpersonal and nonpersonal interactions affect customer evaluation of the quality of service received by customers. Thus, customer evaluation is related to the level of performance can be psychologically based on the behavior of company employees, employee skills, or employee accessibility levels required in the process. Process or process is one of the variables in the marketing mix that can be used to maintain customer satisfaction, and the automation or use of such a technology of self-service plays a key role in this process (Ferrel et al., 2012: 11).

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The result of the research in the previous chapter shows that process delivery gives a significant influence to customer loyalty, which means that an increase in process delivery can increase customer loyalty. This suggests that process delivery is the process of delivering services from service providers to customers can directly affect customer loyalty.

The Effect of Customer Satisfaction Against Customer Loyalty:

Customer satisfaction has a significant effect on customer loyalty. It is seen from the coefficient of the path has a value of 0.776 with the value of C.R. amounted to 7.047 and obtained the level of significance (p) of 0,000 whose value is smaller than the level of significance is set at 0.05. Thus customer satisfaction has a positive and significant effect on customer loyalty of 0.776, which means that any increase in customer satisfaction, it will increase customer loyalty by 0.776. So the seventh hypothesis (H7) which reads: "There is a significant effect of customer satisfaction on customer loyalty" is proven.

The results of the seventh hypothesis proposed in this study "There is a significant effect of customer satisfaction on customer loyalty" accepted the truth. So the findings in the study show customer satisfaction gives a significant effect on customer loyalty.

Customer satisfaction is a form of a customer's feelings, which can be either pleasure or disappointment. A happy feeling shows that customers are satisfied that their expectations can be met, that the performance of the company in various aspects can exceed customer expectations. Conversely, the customer's disappointment comes when the wishes or needs fail to be fulfilled by the company. In the context of this study, customer satisfaction implies a match between customer expectations.

Customer loyalty is a factor that comes from within the customer, embodied in the customer's commitment to always make purchases and use of certain products, unaffected by the presence of other similar products (Brooks, 2010: 3; Zichermann & Linder, 2010: 13; Brink and Berndt, 2008: 41). If operationalized in accordance with the context of this research, customer loyalty is a form of customer loyalty to constantly use the products and services of the company.

The test results on the indirect effect hypothesis proposed in this study are summarized in table 3 as follows:

Table 4. Results of Indirect Effect Hypothesis Testing

Variable	Customer Orientation (X ₁)	Product Innovation (X ₂)	Process Delivery (Z ₁)	Customer Satisfaction (Z ₂)	Customer Loyalty (Y)
Process Delivery (Z ₁)	.000	.000	.000	.000	.000
Customer Satisfaction (Z ₂)	.126	.529	.000	.000	.000
Customer Loyalty (Y)	.268	.448	.523	.000	.000

Source : Data Processed

Process Delivery and Customer Satisfaction as mediation Influence Between Customer Orientation With Customer Loyalty:

Customer orientation has an indirect effect on customer loyalty through process delivery and customer satisfaction of 0.268, meaning greater than zero. So it can be said that the eighth research hypothesis which reads "Process Delivery and customer satisfaction as mediation influence customer orientation to customer loyalty" otherwise proven accepted truth.

The results of this study are consistent with the opinion of Wachner et al., (2008) combining SOCO scale by Saxe and Weitz (1982) and Thomas (2001) and classifying SOCO into two dimensions: customer orientation and sales orientation. In the theoretical review is indirectly the process delivery to mediate the relationship between customer orientation and customer loyalty. Where marketing management seeks to understand the needs of the customer by deciding what products / services are offered that can actually convince the customer to receive an explanation, rather than just thinking about how to satisfy the customer, thus indirectly shaping customer loyalty.

Process Delivery and Customer Satisfaction as mediation Influence Between Customer Orientation With Customer Loyalty:

Product innovation has an indirect effect on customer loyalty through process delivery and customer satisfaction of 0.448, means greater than zero. So it can be said that the ninth research hypothesis that reads "Process Delivery and Customer Satisfaction as intervening variable between the influence of Product Innovation on Customer Loyalty" otherwise proven accepted truth.

The results of this study in accordance with the opinion Read (2000) states that there are several factors that determine the success of product innovation in shaping customer loyalty through process delivery that is with the delivery of company product information to be better in terms of quality, quantity and brand products that will bring the company known to the wider community in the end. Also reinforced by Sharma (2009: 4), which offers products to customers through the delivery of information about the concept of total products consisting of three parts, namely core benefits, actual product, and augmented product.

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