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## **The Relationship between Service Quality, Customer Satisfaction and Loyalty in Restaurant Business in East Java**

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**ABSTRACT:** *The aim of this research is to analyze the relationship between service quality and customer satisfaction as well as service quality and customer loyalty in restaurant business. The sampling technique utilized in this research is purposive sampling. There are 100 respondents taken as the sample of this research. The analysis method uses Service Quality (SERVQUAL) analysis and cartesius diagram. Service Quality (SERVQUAL) analysis result demonstrates that the service quality dimensions consisting of responsiveness, assurance, empathy, and tangible aspects are able to satisfy customers; meanwhile, reliability aspect does not satisfy customers since the gap result is negative. The relationship between service quality and customer loyalty is described in cartesius diagram. Reliability dimension is in A quadrant which means that restaurant management should improve their reliability. Assurance, tangible, and empathy are included in B quadrant which imply that restaurant management needs to keep their performance; meanwhile, responsiveness is in C quadrant which indicates that responsiveness is a low priority variable.*

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**KEYWORDS:** *Service Quality, responsiveness, assurance, empathy, tangibles, reliability*

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### **I. INTRODUCTION**

Restaurant business emerges as one of the most favorable business sectors. It can be observed by the phenomenon of the restaurant business growth in recent years. Even in a small city, like Jember, the number of new restaurants in recent grows more and more; the number of big restaurants in Jember is even more than ten restaurants. Each of the restaurants tries to promote its uniqueness either in their service delivery style or in the offered menu. The location should be strategic. Restaurant should improve its service quality to attract more customers as well as build luxurious building decorated with Javanese ethnic style during particular events. The menu served in this restaurant is Indonesia food. Some restaurants in East Java are frequently used for arranging marriage reception in Javanese culture style. Based on the uniqueness, the restaurants are expected to be able to attract more and more customers. By trying to improve their service, the restaurants expect to be able to deliver satisfaction for their customers. Satisfaction is the feeling of customers after comparing performance (or result) that they perceive to expectation [11]. [19] mentions that there are five major dimensions to measure service quality: reliability, responsiveness, assurance, empathy, and tangibles. Therefore, restaurant customer's satisfaction is not adequate if it is measured by using only tangibles aspect but should involve the other four dimensions as well.

Empirically, there are several research which measure the relationship between service quality and customer satisfaction that had been conducted [6] which use medical nurse and automotive repair services. Other research analyzes service quality by using Servqual model [5] which examines the role of tangibles and responsiveness dimensions on service quality. The finding of that research [5] states that service quality is the antecedent of customer satisfaction; and, customer satisfaction strongly influences repurchase behavior. Some local research which use Servqual model are [7], [17], [9], and [16]. The model that is used [7] reveals the positive role of physical evidence, people (employees), and process on banking card customers, but does not influence customer trusts. Most of the research which observe the relationship between service quality and customer satisfaction use method which is developed by Parasuraman, Zeithaml and Berry [10]. To reveal service quality, it is measured by using five dimensions consisting of reliability, responsiveness, assurance, empathy, and tangible. The result shows that the most impactful dimension for service products is different, depending on the type of the service itself. By delivering satisfaction, costumers will feel respected and appreciated which then will create positive image on the organization. Thus, important attention on customer satisfaction as a tool for competition becomes critical since satisfied customers tend to be loyal to particular organization. Satisfaction is not necessarily measured by using price but also by fulfilling what the customers expect. Satisfaction can also be seen as a comparison of perceived fairness; yet, unequal comparison particularly which causes loss or deficit will result in dissatisfaction. Unequal comparison may also result in satisfaction if