

An Analysis of Effect Service Quality, Innovation and Consumer Dissatisfaction Towards The Consumer Attitudes at Internet Cafe Business in Medan Denai District

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Abstract: This research was aimed at revealing and analysing the effect of the service quality, and innovation towards consumer dissatisfaction and consumer attitudes to the internet cafe business in Medan Denai district. The type of research was a descriptive quantitative. The nature of this research was descriptive explanatory. This research employed an accidental sampling method to collect data from 220 respondents. Data analysis methods employed SEM analysis to reveal the effect of the service quality, and innovation towards consumer attitudes and provide the effect on consumer dissatisfaction on the Internet cafe business, which was later processed by the means of AMOS 18 software. The Research Results showed that Service Quality had a negative effect yet significant towards consumer dissatisfaction to the Internet cafe business and Innovation had a positive and significant effect toward sustainable competitive advantage to the Internet cafe business. In this case, according to the results of SEM analysis, it could be noticed that the service quality had non-significant effect towards the consumer dissatisfaction, however, innovation may sustainably enhance the consumer attitudes. Therefore, the internet cafe business owner, in order to be able keeping their business to survive, they must create innovation against internet services product as well as some of the technical dimension embodied in the consumer attitudes.

Keywords: Service Quality, Innovation, Consumer Attitudes and Consumer Dissatisfaction.

1 Introduction

The needs of all aspects of information cannot be set aside from the sophisticated access of technology media means. The presence of a new media can provide unlimited information and those which cannot be hindered by the influence of social and culture of a country, which is formed in a network upon the use of a computer as the means that called as the internet. In Indonesia which is developing countries, the needs of the information is very high in both personal life, organizational and social life. One way to get the information is most appropriate is the internet through internet media everyone will be able to easily access the information from any parts of the world. The development of the internet causes the formation of a new arena that is often called the virtual world. Each individual has the right and for related to another individual without any restrictions that prevent the Globalization basically has been implemented in the virtual world which has been connecting the entire digital society

or those who often use the internet in the activity of his life every day. With a population of 250 million, Indonesia is a potential market and will be the biggest one in Southeast Asia in the case of internet usage. According to research MarkPlus Insight the population of Indonesia that have access to the internet on 2010 reach 35 % and 2016 has reached 55%, so there are still 45% again that do not already have them spread in the island so that the blank spot him is still very large (tekno.kompas.com). This causes can bring new business in using the internet and eventually appear entrepreneurs who build new internet cafes. Based on the survey of Tourist Entrepreneurs Cyber (APW), the development of the number of internet cafe on 2011 is already penetrate 20,000 business unit (www.bataviase.co.id) and this makes the competition in internet cafe business is increasingly tight and potentially dig very potential market share to sustain life. The development of the Internet Cafe in Indonesia is not a new thing in the world of business, due to business on the internet cafe very can provide huge profits for the entrepreneurs form. The management of the internet cafe business does not remove from the aspects of marketing, operational technical, financial and human resources and the management of Internet cafe also does not remove from the innovation, due to innovation aims to maintain the survival of the business, because the product that is vulnerable to changing needs and consumer taste, technology product life cycle a shorter, as well as increasing competition among internet cafe business players. Changes that occurs in the internet cafe business environment has forced the internet cafe business managers to be able to create the thought and new ideas and offers innovative facilities in the form of computer technology is a sophisticated design and space layout play internet and comfortable facilities, online gaming and so on. Thus the innovation increasingly have significance not only as a tool for the survival of the company but also for the competition. According to Lumpkin and Dess [1] that innovation reflects the tendency of companies to provide support to new ideas, novelty, effort and the creative process that can produce new products and services or the process of technology.

Sulistiani [2] explains that sustainable innovation in a company is the basic needs which in turn will lead to the creation of competitive advantages. Due to the market, internet cafe very wide and a very tight competition. Each businessman or internet cafe managers must be able to win the market by creating a new innovation and provide a brilliant ideas for the continuation of the business. Innovation can also be used as one of the strategies to achieve the competitive advantage. Customers generally want innovative internet stalls in accordance with their desire. For the managers of internet cafe, its success in doing innovation means the internet cafe business step more developed than their competitors [3] revealed that the innovation process is considered the fundamental driving forces to bring about the transition in society toward sustainability and innovation also contributes to the challenges of sustainability transitions, because the innovation process lead to the development of new technology and practice that is required to effectively achieve sustainable business. The importance of innovation done against the internet cafe business due can provide benefits that can accelerate business growth, change from small businesses to large, able to create the diversification by doing business multiplication, can control of the market and the competition as well as the control of various changes that continue to occur [4]. According to Drucker (Drucker: & Customers,2002), innovation is a special tool businessmen, means that exploit the changes as an opportunity for a different business or a different service. This can be served as a discipline in implementing new ideas and able to learn toward a better and practiced in accordance with the requirements. The perpetrators of internet cafe business need to find the source of innovation and apply the principles of successful innovation. Assessment of innovation can be done through the indicator related to each other on the creation of innovation, namely:

Creativity power, technical changes, design changes, distribution system changes, and administration system [2]. From this, the competition in the internet cafe business can be circumvented through the innovation and business players of internet cafe is able to make a distinction between the perpetrators of other business.

The competition among the entrepreneurs of internet cafe in captured the customer does not remove through the quality of service. The quality of services serving as a means where the management of the company or inform, persuade and remind consumers directly or indirectly about the products or services that will be sold [6] The quality of service that has done the managers of internet cafe will create a separate assessment on the thinking of the customer, so that the assessment of consumers of services either directly or indirectly, will create the image of the internet cafe services. When the perpetrators of the internet cafe business view consumer dissatisfaction then must be prepared the criteria to survive in the market which have the uniqueness of the internet cafe facilities, very difficult to imitate the pattern of service to the customers, creating innovation in the competition, creating sustainable internet connection, able to face many situations in the market [3]). To maintain the competitive advantage, then every business players must act in a way that makes it difficult to excellence in transactional replication or Imitated by competitors. A competitive advantage occurs if the operational costs of business activity is lower than their competitors, based on data from the Communication and Informatics Department of Medan, until 2016 been counted already exists 828 internet cafes which had stood and who have not been counted almost reached the number 2000 internet cafes spread in 21 sub-districts in the City of Medan. The current mushrooming internet shops in the city of Medan, not many experiences changes the network connection internet owned has not been able to satisfy customers and some aspects of the activities of the technical, up to the lack of innovation in creating something new in internet cafe, quality services to the competitive advantage is not running with the good and right. This makes many customers internet cafe switch to the other means of handphone, personal notebook with search for free (free wifi and other facilities. Especially in the sub-district Medan Dan be, many internet cafe business establishment, but not included with various services and facilities that bad. As shown in the table below, based on the pre survey done, the development of the number of internet cafe that stand and the lid on the year 2015 - 2017 Districts Medan Denai, as follows:

Table 1: The development of the number of Internet Cafe In Medan Denai District for period of 2015 - 2017

Village	Internet Cafes That Survive			Internet Cafes That Close		
	2015	2016	2017	2015	2016	2017
Tegal Sari Mandala 1	15	20	30	6	7	5
Tegal Sari Mandala 2	20	35	45	3	5	9
Tegal Sari Mandala 3	35	45	65	5	6	10
Binjai	20	34	45	5	7	12
Denai	23	35	40	6	4	10
Medan Tenggara	21	33	50	5	8	15

Source: Pre- Field Surveys, Processed Data

Based on the above Table, the growth of internet cafe business is increased since it offers a great deal of profit. However, this business is highly correlated with bankruptcy. In line with the Table above, the bankruptcy of such business in Medan Denai District experiences a significant annual increase and a huge amount of loss. If this remains occur, it may result in

negative effect towards the sustainability of the other internet cafe business. In other words, unlike the destiny of telecommunication café, we should put our big effort to maintain internet cafe business. Therefore, activities related to such business must be coordinated and planned by business owners properly so that all of these activities may result in the expected purpose as planned by the owners. In order to maintain the development of the business, especially in fulfilling consumer's need, the analysis on the effect of service and innovation towards Consumer's Attitude and Dissatisfaction towards internet cafe business in Medan Denai District is significantly required.

2 Literature Review

2.1 Innovation

Innovation refers to brand new creations (both tangible and intangible) that have meaningful economic value (significant), that such activities are generally performed by companies or, sometimes, individual. According to (Rogers, 2008), innovation means idea, notion, practice or object/thing, that are realized and accepted as a new thing by any individual or group to be adopted. According (Robbins, 2013) innovation is a new construct applied to initiate or improve a product or process and service. Based on the above definitions, Robbins is more focus in three major matters in performing innovation, they are: new construct, which means a pattern of thinking in observing an occurring phenomenon, including in the field of education, this new construct may be in the form of discovery in a notion, idea, system, to the crystalized probabilities. Product or service refers to the outcome of further step new notion followed by activity, study, research and trial so that they may result in more concrete concept in the form of product and service that are ready to be developed and implemented including the outcome of innovation in the field of education. The effort in improvement refers to systematic effort to establish constant perfection and improvement so people may use it. [9] states that innovation is development and implementation of new notions by any individual, in which in particular period of time, has performed transactions with other people in a board of organization. According to [10], innovation is not one time phenomenon, it otherwise in a long and cumulative process that includes many processes of decision making in and by organization that started from the discovery of notion up to its implementation in the market. Based on Law Number 18 of 2002, innovation is an activity of research, development and/or engineering that aims to develop the practical implementation of value and context of new knowledge, or new mean to implement the existing knowledge and technology into the product or production process. [11], contend that innovation is an ability to adopt creative solution towards any problem as well as opportunity to increase or enrich someone's life. [12] affirms that innovation is a unique strategy of product development produced by competitor. If a company uses innovation strategy, the necessary attitude are:

- a. Degree of creativity
- b. Long-term focus
- c. Degree of cooperation
- d. Interdependent attitude
- e. Sufficient concern towards quality and quantity
- f. Balance between outcome and process
- g. Accept the risk and tolerate uncertainty.

2.2 Quality of Service

Lewis and Booms are the experts who reveal the definition of quality of service for the first time, it is used as the measurement of how excellent the degree of provided service is able to and in line with customer's expectation [13]. Quality of service may be accomplished through need fulfillment and customer's demand as well as accuracy of message delivery to balance with the customer's expectation. The quality of service has two major factors, they are the expected service and perceived service. The principles of Service Quality according to Wolkins [14] consists of the following six factors:

- a. Leadership
Strategy of quality by company must be top management's initiative and commitment
- b. Education
All company's employees, started from top manager up to operational employee, are obliged to obtain education on quality
- c. Strategic Planning
The process of strategic planning must includes measurement and purpose of quality used in directing the company to accomplish its vision and mission
- d. Review
Process of review is the only effective tool for the Management to change organizational attitude

According to Zeithaml and Berry (Tjiptono & Chandra:2007), the dimension of quality of Service is divided into: Reliability is connected with the company's ability to provide accurate service since the first time without conducting any mistakes and deliver its service based on the agreed time, Response, related to the availability and ability of all employees to help the customers and respond their requirements, and inform the time when the service to be provided and the ease of service appropriately, Guarantee, related to the employees' attitude to be able to grow the customer's trust towards the company and company is able to provide security to its customers, Empathy, means the company must be able to comprehend the problem experienced by its customers and to act for the purpose of its customers' interest as well as to provide personal concern towards its customers and to have convenient operational hours, Physical proof, is in connection with the attraction of physical facility, equipment and material used by the company as well as the employees' physical appearance

2.3 Consumer's Dissatisfaction

Consumer's dissatisfaction is one of factors that may lead the customer to move to another brand. As conveyed by [15], a consumer experiencing dissatisfaction has the probability to alter his attitude of buying decision by finding alternative brand in his next consumption to increase his satisfaction. If manufacturers exaggerates the advantage of a product and the degree of expectation or consumer's satisfaction is not accomplished, it will lead to consumer's dissatisfaction [16] Meanwhile, according to [17], consumer's satisfaction basically includes the difference between expectation and performance or the expected outcome. Assessment towards consumer's satisfaction may be categorized into: a) Positive disconfirmation, in which the received outcome is better than the expectation., b) Simple conformation, in which the received outcome is in line with the expected outcome. In the end, consumer who is satisfied upon his need and desire will perform further step by buying similar brand anymore. On the contrary, dissatisfied consumer is more likely to change his buying attitude by moving to the other brand. One of factors that arises in a consumer's self that may

cause him to have the desire to move to the other brand is the consumer's dissatisfaction towards a product, so he will move to the other brand [18]. The consumer's dissatisfaction may result in his disappointed attitude and even more anger to such product and has further consideration to decide or leave such product [19].

2.4 Consumer's Attitude

Attitude refers to evaluation, someone's feeling, and the tendency of action that may provide profit or loss and remains in a long time in someone towards the particular object or notion [16]. The other definition for attitude is evaluation, feeling and relatively consistent tendency by someone towards any object or idea [6]. According to [20], attitude refers to the core of the feeling of like and dislike towards people, group of people, situation, object and particular abstract idea. Attitude of difficult to change. Someone's attitude forms a pattern, and to change it, complicated adjustment in many things is needed. Thus, company must always put its effort to adjust its product with the existing attitude other than to try to change attitude [6]. Mostly, consumer buy any product without developing his previous feeling or affection [20]. Consumer will firstly establish his trust towards any product that is directly followed by product purchase. But, he will start to create his feeling towards such product after the purchase completed.

3 Methodology

This research is conducted by using survey method as the approach. While the type of this research is descriptive and quantitative, which means that it aims to outline or describe the characteristic of a condition or research object that is quantitatively conducted through data collection and analysis as well as statistical test [21]. This research is explanatory, which aims to explain the position of tested variables and the relationship among variables [22]. This research is conducted in the Region of Medan Denai District, Medan City, which contains 6 Sub-Districts.

3.1 Population and Sample

Population used in this research are all internet café owners in Medan Denai District. Until 2017, there are 320 business. The technique applied to collect the sample in this research by by Quota Sampling, which means the technique of sampling where the researcher previously decides the number of desired subjects in the research (Idrus:2009). Related to the number of sample, according to Hoogland and Boomsma (Ferdinand:2002), upon sampling in SEM research, the number of indicators should be multiplied by five to 10 and the data with high kurtosis, the minimum sample size must be 10 times than the number of free parameter. The indicator in research is amounted to 22.

$$\begin{aligned}\text{Number of Samples} &= \text{Indicator} \times 10 \\ &= 22 \times 10 \\ &= 220\end{aligned}$$

Based on the above calculation, the Number of samples in this research are 220.

3.2 Data Analysis Method

The first stage before data collection was goodness-of-fit test, which covered the reliability and validity, or evaluation of the questionnaire that had to be carried out.

- a. Validity
- b. Reliability

The second stage was making a model to be used in this research, which was causality model or relationship or effect model. To test the proposed hypothesis, an analysis was conducted using SEM (Structural Equation Modelling) technique and Software AMOS 18.0.

- c. Theoretical model Development
- d. Path diagram Development
- e. Input matrix selection and model estimation
- f. Analysis of the possibility of identification problem
- g. Evaluation of goodness-of-fit criteria

In this stage, an evaluation of the fitness of the model was carried out by reviewing the Goodness-of-fit criteria in the following order:

1. SEM Assumption

The first action was evaluating whether the data used met the SEM assumptions, namely: sample size, normality and linearity, outliers, multicollinearity and singularity.

2. Goodness-of-fit test & statistical Test

Some indices of goodness-of-fit and cut-off for testing whether the model should be accepted or rejected are as follows:

- a. Chi-square statistic
- b. Probability
- c. Goodness-of-fit index (GFI)
- d. Adjusted Goodness of-fit Index (AGFI)
- e. Comparative Fit Index (CFI)
- f. Tucker Lewis Index (TLI)
- g. The Root Mean Square Error of Approximation (RMSEA)
- h. Model interpretation and modification
- i. Modification Index.

4 Result And Discussion

4.1 Structural Equation Modeling Statistical Analysis

Exogenous and Endogenous Construct Confirmatory Factor Analysis and . Structural Equation Modeling Analysis the full model picture should be supported by the results of the regression weight as presented below.

Table 2, Model Feasibility Test Results

Goodness of-Fit Index	Cut-off Value	Results	Model
Chi-Square	< 575.208	86.8	Good
GFI	> 0.90	0.934	Good
TLI	> 0.95	0.979	Good
CFI	> 0.95	0.992	Good
CMIN/DF	< 2.00	1.523	Good
RMSEA	< 0.084	0.065	Good

The table of research results show that in the full model testing, the model has been categorized into good or has met the goodness-of-fit criteria. It is based on all criteria already fulfilled with the feasibility test of the model based on the Cut off Value provision. The GFI value of 0.934 was categorized into good, and was higher than the cut-off value, which was 0.90. The good category of GFI criteria with the value of 0.934 was higher than the Cut-off value of 0.90. The result of chi-square test towards the full model was 86.8, lower than the chi-square for the degree of freedom (DF) of 320 in the significant level of 5% amounted to 575.208. The CMIN/DF was 1.523, lower than the cut-off value amounted to 2.00. The TLI value was 0.979, higher than the cut-off values of 0.95. The CFI value was 0.992, higher than the cut-off values of 0.95, and the RMSEA was 0.065 with the cut-off values lower than 0.084. The research results showed that the full model complied the fit model criteria, and it complied the model's feasibility to answer research hypothesis. The observed criteria (indicator) of each variable was valid if it has loading value more than 0.5, so that there was no indicator dropped (discarded). Each indicator of latent variable formers shows result complied with the criteria: CR value was more than 1.96 with P was lower than 0.05 and the lambda value or loading factor was higher than 0.5. The research results showed that the indicator of latent variable formers was significantly the indicator of formed laten factors. Thus, the model used in this research can be accepted.

4.2 Regression Weight Analysis

4.2.1 The effect of Service Quality towards Consumer Dissatisfaction to the Internet Cafe

Hypothesis Test Results with interpretation of each path coefficient or direction of causal correlation, the obtained hypothesis test results are as follows: Service Quality (X1) was significantly affecting the Consumer Dissatisfaction (Y1) with a positive direction of correlation. It showed from the positive-marked-path coefficient (S.E) amounted to 0.44 with the CR value of -2.010 and the significance probability (p) was 0.044 lower than the determined significance level (α) of 0.05. According to the research results, it showed that the service quality had a negative effect yet significant towards Consumer Dissatisfaction to the internet cafe.

4.2.2 The effect of Innovation towards Consumer Attitudes to the Internet Cafe

Interpretation of each path coefficient or direction of causal correlation, the obtained hypothesis test results are as follows: Innovation (X2) had an insignificant effect on Consumer Attitudes (Y1) with a positive direction of correlation The positive-marked-path coefficient (S.E) amounted to 0.37 with the CR value of 16.375 and the significance probability (p) was 0.000 lower than the determined significance level (α) of 0.05

4.2.3 The effect of Service Quality towards Consumer Attitudes to the Internet Cafe

Hypothesis Test Results with interpretation of each path coefficient or direction of causal correlation, the obtained hypothesis test results are as follows: Service Quality (X1) had an insignificant effect towards Consumer Attitudes (Y) with a positive direction of correlation. It showed from the positive-marked-path coefficient (S.E) amounted to 0.69 with the CR value of 1.329 and the significance probability (p) was 0.184 higher than the determined significance level (α) of 0.05

4.2.4 The effect of Innovation towards Consumer Attitudes to the Internet Cafe

Innovation was significantly affecting the Consumer Attitudes (Y) with a positive direction of correlation. The positive-marked-path coefficient (S.E) amounted to 0.122 with the CR value of 2.825 and the significance probability (p) was 0.005 lower than the determined significance level (α) of 0.05.

4.2.5 The effect of Consumer Dissatisfaction towards Consumer Attitudes to the Internet Cafe

Hypothesis Test Results with interpretation of each path coefficient or direction of causal correlation, the obtained hypothesis test results are as follows: Consumer Dissatisfaction (Z) was significantly affecting the Consumer Attitudes (Y) with a positive direction of correlation. It showed from the positive-marked-path coefficient (S.E) amounted to 0.183 with the CR value of 2.346 and the significance probability (p) was 0.019 higher than the determined significance level (α) of 0.05

5 Conclusions

According to the research results and discussion in the previous chapter, it can be concluded as follows:

- a. Service Quality had a negative effect yet significant towards Consumer Attitudes to the internet cafe business.
- b. Service Quality had a positive effect yet insignificant towards Consumer Dissatisfaction to the internet café
- c. Innovation had a positive effect yet significant towards Consumer Attitudes to the internet cafe.
- d. Innovation had a positive effect yet significant towards Consumer Dissatisfaction to the internet cafe.
- e. Consumer Dissatisfaction had a positive effect yet significant towards Consumer Attitudes to the internet cafe

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