

# The Influence of Service Quality and Product Quality on Customer Satisfaction at the D'beauty House Beauty Clinic

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## Abstract

This research aims to analyze the influence of service quality and product quality on customer satisfaction at the D'Beauty House Clinic, Bogor. This research uses quantitative methods with the Partial Least Squares - Structural Equation Modeling (PLS-SEM) approach. Respondents consisted of 60 customers selected using purposive sampling techniques. Data was collected through a 5-point Likert scale-based questionnaire. The research results show that service quality has a positive and significant influence on customer satisfaction with a coefficient value of 0.476 and a p-value of 0.001. Product quality also has a positive and significant influence on customer satisfaction with a coefficient value of 0.354 and a p-value of 0.027. Apart from that, service quality has a more dominant influence than product quality. The R-square value of 0.633 indicates that service quality and product quality together explain 63.3% of the variation in customer satisfaction. These findings emphasize the importance of synergy between responsive service quality and reliable products to increase customer satisfaction. D'Beauty House Clinic is advised to improve employee training, product innovation and customer feedback management in order to maintain competitiveness in the competitive beauty industry. This research contributes to the literature regarding service quality, product quality, and customer satisfaction in the context of beauty clinics.

**Keywords:** Customer Satisfaction, Product Quality, Service Quality.

## 1. Introduction

The beauty industry continues to experience significant growth globally. According to Grand View Research (2024), the beauty care and skin care market is projected to reach a value of \$183 billion by 2027, with an average annual growth rate (CAGR) of 5.3%. This growth is driven by increasing public awareness of self-care and skin health (Grand View Research, 2024). At the regional level, Asia is the center of growth for the beauty industry, with Indonesia as one of the largest markets. A report from Euromonitor International revealed that Asia Pacific accounts for more than 40% of the global market share in the beauty industry, with a sharp increase in medical skincare and beauty-based products.

According to data from the Kementerian Koordinator Bidang Perekonomian Republik Indonesia (2024), along with the increase in Indonesia's young population and public awareness of the importance of maintaining the appearance and health of skin, the national beauty industry is also growing, giving birth to many local cosmetic brands. The trend of using local products is also an indication of increasing product quality that is able to compete with various brands from abroad. The phenomenal growth of the cosmetics industry in Indonesia is marked by the growth in the number of cosmetics industries in Indonesia which reached 21.9%, namely from 913 companies in 2022 to 1,010 companies in mid-2023. The national cosmetics industry was also able to penetrate the export market, cumulatively for the period



January- In November 2023, the export value for cosmetic products, fragrances and essential oils was recorded at USD770.8 million.

According to Tjiptono & Diana (2022), customer satisfaction is not only influenced by service quality, but also by product quality. Product quality that is able to meet customer needs and expectations will provide a higher level of satisfaction. Tjiptono emphasized that customer satisfaction is formed through conformity between customer expectations and the performance of the products and services received. If products and services can meet or exceed customer expectations, customer satisfaction will increase, which ultimately contributes to customer loyalty and preference for a brand or company.

Service quality and product quality are two main factors that influence customer satisfaction in the service industry, including beauty clinics. High customer satisfaction can increase loyalty and positive recommendations, while dissatisfaction can have a negative impact on business reputation and sustainability. Research has been conducted on the influence of service quality and product quality on customer satisfaction in beauty clinics. For example, studies at Berlian Beauty Clinic Samarinda show that product quality and service quality have a significant effect on consumer satisfaction. Good product quality can attract customers' attention so that they become loyal to the beauty clinic (Maulina, 2021).

D'Beautyhouse beauty clinic is a beauty clinic in Bogor. This beauty clinic was founded by a husband and wife whose aim is to provide the best service to customers through beauty treatments that pamper their customers. However, this cannot be separated from the main goal, namely to make a profit. In running their business, the D'Beautyhouse beauty clinic manager not only tries to get the maximum profit, but also must try to understand consumer needs, such as the need for affordable prices with the best service, the need for adequate supporting facilities and the best service. Success in providing quality services to visitors is largely determined by the approach used. The consequences of a service quality approach for a service have an important essence for self-defense and achieving success in facing competition.

In the Indonesian context, various studies have been conducted to understand the influence of service quality and product quality on customer satisfaction, but many of the results are conflicting. For example, Amba et al. (2023) revealed that service quality has a dominant influence compared to product quality in increasing customer satisfaction. Meanwhile, research conducted by Novia et al. (2020) shows that these two variables have the same influence on customer satisfaction. The differences in the results of this research indicate the need for further study in the local context, especially in Bogor City, to identify how service quality and product quality contribute to customer satisfaction at the D'Beauty House Clinic.

This study offers significant novelty with several key contributions. First, it specifically examines the influence of service quality and product quality in the beauty industry at D'Beauty House Clinic in Bogor Regency, which has not yet been widely explored in previous research. This contrasts with prior studies that predominantly focused on other service sectors or clinics in major urban areas without considering the local context. Second, this study employs a customer-oriented approach that provides relevant insights into the expectations and satisfaction of local customers. This differs from previous studies that tended to generalize customer needs without accounting for geographical and demographic differences. Third, this research integrates service quality and product quality variables with indicators tailored to the beauty sector, such as trust in product safety, staff skills, and service comfort. This distinguishes it from earlier research, which often utilized generic indicators to measure service and product quality. Fourth, the findings are expected to provide practical recommendations for D'Beauty House management to enhance customer satisfaction while

supporting more competitive business strategies in the beauty industry. These results also enrich the literature, which has largely focused on service sectors in non-beauty industries or general healthcare services.

## 2. Literature Review

### 2.1. Service Quality

According to Parasuraman et al. (1988), service quality is defined as the level of difference between customer expectations and their perceptions of the actual performance of the services received. Customer expectations act as the main benchmark in evaluating the quality of services provided. If customers' perceptions of the service they receive equal or exceed their expectations, service quality is considered good. Conversely, if the perception does not meet expectations, the quality of service is considered low. This approach emphasizes the importance of understanding customer expectations as a basis for improving services to optimally meet their needs and desires. Meanwhile, Grönroos (1984) added that service quality is influenced by two main dimensions, namely technical quality (service results) and functional quality (the way services are provided). The combination of these two dimensions determines how customers evaluate the service overall.

### 2.2. Product Quality

Product quality can be defined as the totality of product characteristics that contribute to its ability to meet customer needs and expectations. Garvin (1984) identified five main dimensions of product quality, namely performance, features, reliability, durability, and conformity. Good product quality must be able to meet or exceed customer expectations in terms of functionality and reliability, so that it can provide optimal satisfaction (Khoiria & Anwar, 2021).

Tjiptono (2022) identified eight quality dimensions that can be used to analyze product quality characteristics. The first dimension is performance, which includes the product's ability to function according to its main purpose, which is important for customer satisfaction. Durability being the second dimension, refers to the longevity of the product before it breaks or needs to be replaced, reflecting higher quality. Conformity to specifications is the third dimension, which looks at the extent to which the design and operation of the product meets established standards. The fourth dimension is features, namely additional benefits that complement the basic function of the product, attracting consumer attention if competitors do not have them. Reliability or reliability is the fifth dimension, which measures the likelihood of product failure when used. The sixth dimension, aesthetics, includes the product's appearance, style, feel, and overall appeal. Impression of quality is the seventh dimension, which reflects consumer perceptions of reputation, brand and product excellence. Finally, the serviceability dimension assesses how easy the product is to repair, maintain, and operate, thereby influencing the customer's experience in using the product. These dimensions are an important basis for assessing product quality comprehensively.

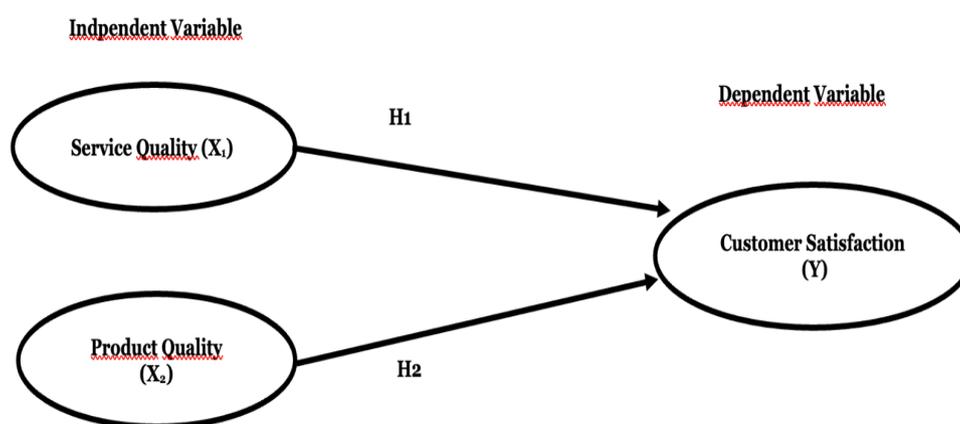
A quality product is a product that has benefits for its users (consumers). Someone who needs a product will imagine what benefits can be obtained from the product to be used. The benefits of a product are the consequences that consumers expect when buying and using a product (Sayedi et al., 2023).

### 2.3. Customer Satisfaction

Parasuraman et al. (1988) developed a model *SERVQUAL*, which identifies five dimensions of service quality *tangibility*, *reliability*, *responsiveness*, *assurance*, and *empathy*

which plays an important role in shaping customer satisfaction. Good service quality will close the gap between expectations and reality, thereby increasing customer satisfaction.

According to academics, customer satisfaction is an independent construct, which is formed from a comprehensive evaluation of the customer's experience of a product or service (Oliver, 1980). Oliver (1980) defines satisfaction as an emotional response that arises after comparing customer expectations with their perceptions of actual performance. In this context, service quality is considered as one of the main factors influencing the level of satisfaction. When service quality is able to meet or even exceed customer expectations, they tend to feel satisfied, conversely, if service quality is below expectations, dissatisfaction is likely to arise. This relationship between service quality and customer satisfaction is the main focus of much research, because both play a strategic role in building customer loyalty and increasing organizational competitiveness.



**Figure 1. Conceptual Framework**

H<sub>1</sub>: There is a significant influence between the Service Quality variable on Customer Satisfaction

H<sub>2</sub>: There is a significant influence between the Product Quality variable on Customer Satisfaction

### 3. Methods

This research uses a quantitative method with an approach *Partial Least Squares - Structural Equation Modeling (PLS-SEM)* to analyze the influence of service quality and product quality on customer satisfaction. *PLS-NO* chosen because it is suitable for research with small to medium sample sizes, as well as for testing relationships between complex latent variables (Keswani, 2020).

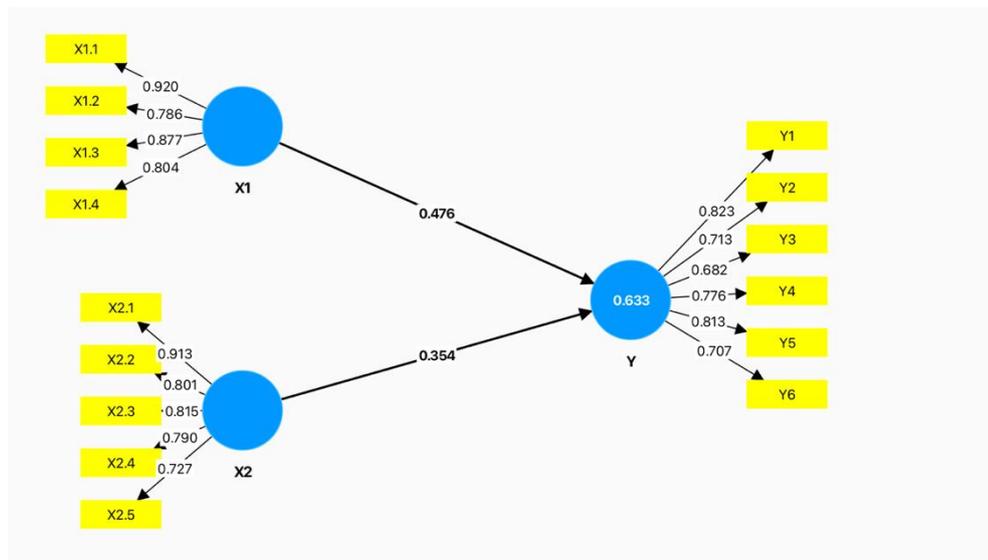
This research involved 60 respondents, specifically customers of the D'Beauty House Beauty Clinic in Bogor, who were selected using a purposive sampling technique. Respondents were chosen based on the criteria of having used the clinic's services and products at least twice in the last six months, ensuring that they had sufficient experience to provide informed feedback. This sample size was considered adequate to represent the general customer population of the clinic, as it reflects a diverse range of customer interactions and satisfaction levels. By focusing on experienced customers, the study aimed to gather insights that accurately represent the clinic's performance in delivering quality services and products.

## 4. Results and Discussion

### 4.1. Research Results

#### 4.1.1. Validity Test

Validity tests are carried out to evaluate the accuracy of the tool in measuring the variables to be measured. this research used convergent and discriminant validity tests. Convergent validity says that each latent variable indicator must have a high correlation that can be evaluated in two stages: Average Variance Extract (AVE) and factor loading values. The AVE value is greater than 0.5 and the factor loading value is greater than 0.7, but values below 0.5 are not considered valid in research. The following is a picture of the outer model used in this research *software* SmartPLS 4.0:



**Figure 2. Outer Model**

Next, the Average Variance Extract value for each variable is calculated. The criteria used are that every variable must have an AVE value greater than 0.5 so that the resulting model is appropriate to the calculations.

**Table 1. AVE calculation results**

	Average Variance Extracted (AVE)	Information
Customer Satisfaction (Y)	0,569	Valid
Service Quality (X1)	0.720	Valid
Product Quality (X2)	0.658	Valid

Based on this table, the AVE value for each variable exceeds 0.5, which indicates that all variables in this study have met the convergent validity criteria well.

#### 4.1.2. Reliability Test Results

Reliability testing is used to measure the level of consistency of indicators for variables and respondents when answering questionnaire statement items, so that they can be declared reliable. Reliability tests are also used to measure the level of consistency of an indicator or variable based on the correlation between the indicators studied. Composite reliability is used

as a reliability test indicator because this method takes more accurate parameters with the composite reliability number which must have a value greater than 0.7.

**Table 2. Reliability Test Results**

	Average Variance Extracted (AVE)	Information
Customer Satisfaction (Y)	0.876	Reliable
Service Quality (X1)	0.880	Reliable
Product Quality (X2)	0.856	Reliable

Based on the table above, the composite reliability value for each research variable produces a value above 0.7 with reliable results, so it can be concluded that all variables and indicators in this research are declared reliable.

#### 4.1.3. Path Analysis Coefficient Estimates

In path analysis estimates, the resulting coefficient must be significant and the calculation uses *bootstrapping*. The resulting value is the t-calculated value where if the t-calculated > 0.05 then the estimated path coefficient value is significant. The following are the results of the path coefficient test:

**Table 3. Path Coefficients Bootstrapping**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
X1 -> Y	0.476	0.489	0.146	3.260	0.001
X2 -> Y	0.354	0.350	0.160	2.216	0.027

## 4.2. Discussion

In this research, there are two hypotheses that are tested for the relationship and level of influence between one variable and another. The following is an explanation of the hypothesis:

### 4.2.1. Effect of Service Quality on Customer Satisfaction

Service quality (X1) has a positive and significant influence on customer satisfaction (Y), with a coefficient value of **0,476** and p-value **0,001** (<0.05). This shows that the better the quality of service provided, the higher the level of customer satisfaction at the D'Beauty House Clinic. Service quality dimensions, such as reliability, responsiveness, and empathy, are important factors that influence customer perceptions of the services they receive. These findings support the theory in the literature that service quality is one of the main determinants in increasing customer satisfaction, especially in the service sector.

This research is in line with research conducted by Hermanto & Nainggolan (2020); Zahara et al. (2021) which states that service quality and product quality simultaneously influence customer satisfaction. This shows that the higher the level of service and product quality, the higher the level of customer satisfaction. Fahrurrazi et al. (2024) stated that harmonization between quality service and superior products creates optimal customer satisfaction.

Novia et al. (2020) states that product quality is through function, features, reliability, suitability, product life, aesthetics, *perceived*, *quality* positive and significant effect on customer satisfaction. Of the two independent variables used to determine the level of

customer satisfaction, it turns out that the product quality variable has the dominant influence in increasing customer satisfaction. However, this research is not in line with research by Veronica (2017) which shows that physical evidence (tangible) has no effect on customer satisfaction, while the variable *reliability, responsiveness, assurance, And empathy*, has a positive and significant effect on customer satisfaction. It can be concluded that physical condition is not a major problem for customers.

#### 4.2.2. Effect of Product Quality on Customer Satisfaction

Product quality (X<sub>2</sub>) also has a positive and significant influence on customer satisfaction (Y), with a coefficient value of **0,354** and p-value **0,027** (<0.05). This means that products that perform well, are durable and have an attractive aesthetic can increase customer satisfaction. Dimensions such as product features and conformity with specifications are important elements that determine the level of consumer satisfaction with this beauty clinic service.

This research is in line with research conducted by Hermanto & Nainggolan (2020); Zahara et al. (2021) which states that service quality and product quality simultaneously influence customer satisfaction. This shows that the higher the level of service and product quality, the higher the level of customer satisfaction. This research is also in line with research by Mirna & Baharuddin (2020) Product quality through function, features, reliability, suitability, product life, aesthetics, *perceived, quality* positive and significant effect on customer satisfaction. Of the two independent variables used to determine the level of customer satisfaction, it turns out that the product quality variable has the dominant influence in increasing customer satisfaction.

However, this research is not in line with Andriyani & Ardianto (2020); Asti & Ayuningtyas (2020), Consumer Satisfaction is not influenced by Product Quality, meaning that the presentation of food menu products at the Oto Bento restaurant can be concluded to be well received by consumers. Mariansyah & Syarif (2020) in their research stated that if you do not improve product quality to a more current level, it will have a negative impact on business continuity. This improvement can be done by creating more varied products, or evaluating products that are felt to be lacking.

## 5. Conclusion

This research demonstrates that service quality and product quality positively influence customer satisfaction at D'Beauty House Clinic, Bogor. Customers are more satisfied when they receive reliable, responsive, and attentive service from clinic staff. Additionally, high product quality, including optimal performance, durability, and attractive aesthetics, significantly enhances customer satisfaction. Between these two factors, service quality has a greater impact, highlighting the importance of direct interaction between customers and staff in creating a positive experience. However, product quality remains a crucial element as it shapes customers' perceptions of the overall value of the service.

Practical contributions of this research include providing insights for salon management on balancing service and product quality to improve customer satisfaction and loyalty. Strategies such as staff training to enhance communication skills and responsiveness, along with the use of high-quality, innovative products, are essential for maintaining competitiveness in the beauty industry.

Academic contributions include enriching the literature on service and product quality in the beauty sector, an area that remains underexplored. This study provides a localized perspective that can serve as a reference for future research in different contexts.

To enhance overall customer satisfaction and loyalty, salon management should focus on improving service quality by conducting regular staff training to boost empathy, responsiveness, and communication skills, while also personalizing services to align with customer preferences. Ensuring the use of safe, high-quality products and incorporating innovative features can add significant value to the services offered. Additionally, implementing a system to collect and analyze customer feedback is crucial for identifying areas that require continuous improvement. Effective marketing strategies, such as leveraging social media to promote services, share testimonials, and showcase treatment results, can further engage customers and attract new clients. Finally, maintaining a clean, comfortable, and aesthetically pleasing salon environment will enhance the physical experience of customers, solidifying their positive perception of the salon's offerings.

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