ICON–BE 2022

PROCEEDING

The 2nd International Conference On Business And Economics

"Acceleration of Innovation Reconfiguration and Digital Economy Development in an Archipelagic Country Post Covid-19 Pandemic"

Dipublikasi Online pada:
Pattimura Proceeding:
Conference of Science and Technology

PROCEEDING

THE 2ND INTERNATIONAL CONFERENCE ON BUSINESS AND ECONOMICS

"Acceleration of Innovation Reconfiguration and Digital Economy Development in an Archipelagic Country Post Covid-19 Pandemic"
Ambon, October 15th 2022

Published by Universitas Pattimura

e-ISSN: 2829-3770
DOI issue: https://doi.org/10.30598/PattimuraSci.2023.ICONBE2

Published online on:
Pattimura Proceeding: Conference of Science and Technology

Indexed by:

May 2023

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Description of Cover Background Image:

Photo "Faculty of Economics and Business Building, B Building, Pattimura University." – A building that was inaugurated in 2020 will provide space intended for 4000 students who are included in the UNPATTI plan. This was made a priority by the Ministry of Research, Technology, and Higher Education and the Minister of Finance of the Republic of Indonesia, and was followed up by Bappenas and 2019 SBSN funding. The building shape that looks like a ship is taken from the Principal Scientific Pattern of Pattimura University, namely Bina Mulia Maritime Affairs. This indicates that the Faculty of Economics and Business is ready to oversee economic development in Maluku based on islands. The Faculty of Economics at Pattimura University itself has three main buildings supporting lectures with two floors, all located within the Poka Campus of Pattimura University. In general, lecture buildings are equipped with various lecture support facilities. These facilities include air-conditioned lecture halls supported by multimedia equipment, computer laboratories, libraries, auditoriums, student canteens, gazebos, internet hotspots, and motorized vehicle parking lots.

Preface

This proceeding was prepared based on the outcomes of the international seminar on the 2nd ICON-BE activity by theme "**Acceleration of Innovation Reconfiguration and Digital Economy Development in an Archipelagic Country Post COVID-19 Pandemic**", held on October 15, 2022, at the Swiss Bell Hotel in Ambon. The seminar is being held in order to provide constructive scientific thinking to the government and other stakeholders in order to ensure the establishment of the Post-COVID-19 Pandemic Digital Economy, as the subject has been suggested. This seminar's scientific concepts were gathered from researchers, professors, and practitioners.

This international seminar activity was attended by participants consisting of experts, researchers, academics, representatives of the Ministry of Tourism and Creative Economy, as well as practitioners in the fields of business and tourism.

We appreciate the Minister of Tourism and Creative Economy for sharing his thoughts on the need to build a post-pandemic digital economy, particularly in island nations. With the issue raised, gratitude and appreciation are also expressed to the invited speakers, including Mrs. Prof. Dr. Sri Adiningsih, M.Sc., from Gadjah Mada University by Topic "**Digital Economy Transformation in Indonesia**". To Mrs Jeongyoon Lee, Ph.D., from the University of Kentucky with the topic raised "**Policy and Regulatory Network in encouraging Digital Economy Development and Virtual Interaction**". To Mrs. Dr. Vanessa Ratten from La Trobe University with the topic raised "**Impact of Economic Digitalization on Ecotourism in Archipelagic Country**". To Mr. Arif Perdana, Ph.D., CA from Monash University with the topic raised "**Digital Finance and Innovation to Support Financial Inclusion**".

Furthermore, the authors, editors, and organizers of this international seminar acknowledged their appreciation and gratitude for the study findings and seminar perspectives. Everything went off without a hitch, from preparation to execution.

As a result, we anticipate that this process will be especially beneficial to the growth of digital economics in post-pandemic archipelagic countries. If there any flaws in this document, please realize and let us know that it will be addressed in the next event.

Ambon, May 2023

Head of Executive Committee The 2nd ICON-BE

Dr. Conchita V. Latupapua, SE. M.M.

The 2nd International Conference on Business and Economics Committee

(in Bahasa)

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DEKAN

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ANALYSIS OF SERVICE QUALITY DESIGN WITH INTEGRATION OF KANO MODEL AND HOUSE OF QUALITY (HoQ): CASE STUDY AT PT. MATAHARI DEPARTMENT STORE

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DOI: https://doi.org/10.30598/PattimuraSci.2023.ICONBE2.56-70

ABSTRACT

Introduction/Main objectives: Determine the superior service quality provided by Matahari Department Store and what attributes can satisfy customers. **Background problems:** Quality service is something that can distinguish one retail store from another. Consumers will compare the service received with what is expected. The quality of this service will then look good or not from the consumer's perception of the entire service process received, not the basis of the perception of the service provider. **Novelty:** Research about service quality using the integration of Kano Model and House of Quality in retail industry is limited. **Research methods:** It used integration of Kano Model and House of Quality (HoQ) with PT Matahari Department Store as the object and customer as informants. Service quality attributes are taken from Servqual. Data gathered using observation, interview, and questionnaire. **Finding/Results:** (1) provide input to PT. Matahari Department Store regarding strategies that can improve service quality, by identifying and prioritizing service attributes that can meet customer needs using the Servqual method and the integration of the Kano Model with the House of Quality, (2) provide input on attributes that can be developed to improve customer satisfaction. **Conclusion:** (1) from the identification of service quality attributes using servqual, 1 attribute with a gap score of 0 is obtained and 16 attributes have a negative score, (2) from the combined results of Servqual with Kano Model classification, 12 attributes are obtained with category O (One Dimensional) which can improve the quality of service to customers and 5 attributes with category M (Must Be), (3) from the results of the integration of Servqual and the Kano Model which is included in the House of Quality, there are 6 technical responses above an average of 6% which can be used to meet customer expectations for service quality, so that they can satisfying customers.

Keywords: service quality, servqual, kano model, house of quality
JEL Classification: D13, I31, J22, K31

INTRODUCTION

Competition to get consumers with fellow retailers and coupled with changes in consumer buying behaviuor from offline to online makes retail business people should looking for the best strategy and make improvements. One of the strategies is improving the quality of services provided (Ng *et al*., 2010). Quality service is something that distinguish one retail store from another. In a highly competitive environment company, service quality is an important priority to differentiate one company services from another (Nakhai and Neves, 2009).

Customer will compare the service received with what is expected. This is in line with the research of Parasuraman *et al*., (1988) which states that there are two things that affect service quality, to wit the expected service and the service received (perceived service). The quality of this service will then look

good or not from the consumer's perception of the entire service process received, not on the basis of the perception of the service provider. Measurement of service quality is carried out by PT Matahari Department Store in an effort to improve service quality. One method to measure service quality is to use the Kano Model. The Kano model in this study is considered appropriate for measuring service quality in retail because this model makes it easy to categorize the attributes of services based on how well the service can satisfy customers. Kano's model is an excellent method to determine the classification of weak and strong attributes, thus helping service providers to prioritize strong attributes in improving service quality. To strengthen the results of the model, in this study the Kano Model was integrated with the House of Quality.

The integration between the Kano Model and the House of Quality will link the attributes generated by the Kano Model with the company's technical response contained in the House of Quality so as to produce a superior service quality design. Based on the background of the problems described above, the purpose in this study are: (1) to analyze the service attributes of retailers that satisfy customers, (2) classify the service attributes of PT. Matahari Department Store which can improve the quality of service to customers, (3) know the extent of the technical capabilities of PT. Matahari Department Store meets consumer expectations for service quality that satisfy customers.

LITERATURE REVIEW

1. Service Quality

The concept of service quality is a complicated matter. Consumers cannot immediately evaluate various attributes of the services provided (Bougoure & Neun, 2010). Service quality is described as a form of attitude, related but not equivalent to satisfaction, resulting from a comparison between expectations and performance (Parasuraman *et al*., 1988). Kotler and Keller (2016) state that service quality is the overall features and characteristics of a production or service that affect its ability to satisfy stated or implied needs. The level of service quality cannot be assessed from the company's point of view but must be viewed from the customer's point of view (Rangkuti, 2003).

2. Service Quality Dimension

Research conducted by Parasuraman *et al*. (1988) found 5 dimensions of service quality which in general are dimensions perceived by customers when a service is provided by service providers: (1) Tangibles relating to the attractiveness of physical facilities, equipment, and materials used and can be seen directly by customers. (2) Reliability is the ability to provide accurate and reliable services since the first time delivering services to customers. (3) Responsiveness is willingness and readiness of service providers to help customers responsively, and able to resolve customer complaints quickly. (4)Assurance is ability, courtesy, credibility and a sense of security to customers from personnel who serve customers. (5) Empathy is willingness to understand customer needs, act in the customer's interest, and concern for customers.

3. Servqual

This model is built on the assumption that customers compare the service attributes received with the ideal or perfect standard in their view. If the performance of these attributes exceeds the standard, the perception of service quality will increase, and vice versa. According to Parasuraman *et al*. (1988) in the concept of Servqual, service quality is defined as an assessment or global attitude towards service superiority. The Servqual method is used to measure service quality from the service quality dimension so that the value of the gap between customer perceptions of the service received and the value of customer expectations or expectations of the service received is obtained. The customer's perception of the service received (perceived service) is the result of a series of decisions and internal company activities. In the Servqual method, the evaluation of service quality among the values given by customers for each pair of statements related to expectations and perceptions. The servqual score for each pair of statements, for each customer can be calculated based on the following formula (Zeithaml *et al*., 1990):

$$Q = P - E$$

where: Q = Quality of service; P = Perceived service; E = Expected service.

Kano Model. The Kano method was developed by Noriaki Kano. This method focuses on categorizing products or services within a company. This method was developed to measure how well a product or service can satisfy customers, as presented in Figure 1 (Kano, 1984).

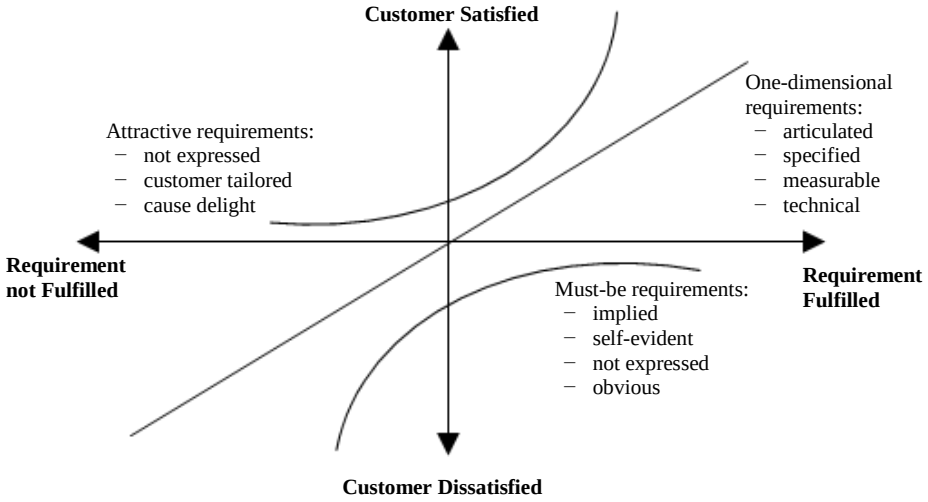

Figure 1. The Kano Method. Source: Kano (1984).

Service attributes in the Kano Model are divided into several categories (Wijaya, 2011): (**1**) Must-be or Basic Needs: when the performance of an attribute is low, it will cause dissatisfied customers. However, when the performance of these attributes is high, customer satisfaction will not increase far above neutral. (**2**) One Dimensional or Performance Needs: when the attribute performance is high, customer satisfaction will be high as well. This condition indicates that the level of customer satisfaction is linearly related to the performance of the attributes. (**3**) Attractive or Excitement Needs: a condition where the level of customer satisfaction will increase very high with increasing attribute performance. However, a decrease in attribute performance will not cause a decrease in the level of satisfaction. (**4**) Reverse Quality Attributes: a condition where the level of customer satisfaction is inversely proportional to the results of attribute performance. (**5**) Indifferent Quality Attributes: the presence or absence of certain attributes will have no effect on customer satisfaction. The attributes in question are usually complementary attributes that are not noticed by customers. (**6**) Questionable Quality Attributes: the existence of customer misunderstanding or misinterpretation in participating in the survey causes errors in the survey, the response given by the customer to certain attributes can lead to contradictions that can still be questioned.

House of Quality (HoQ). House of Quality is a tool of Quality Function Deployment that converts customer requirements into product design characteristics using a specific matrix (Russel & Taylor, 2011). HoQ is designed to spread customer input across the design, production, marketing, and delivery aspects of a particular product or service. The House of Quality (HoQ) has six sections: the customer requirements section, the competitive assessment section, the design characteristics section, the relationship matrix, the exchange matrix, and the target value section, as simplified in Figure 2 (Russel & Taylor, 2011). The detail of those sections are: (**1**) Customer requirements: contains a list of a number of product or service criteria needed and desired by consumers. Customer needs are considered as APA and are assigned to the left side of the HoQ diagram (Chan & Wu, 2002). From a number of these attributes, consumers are then asked to give a rating from a scale of 1 to 5. (**2**) Competitive assessment: also called Planning Matrix by Cohen (1995). From a scale of 1 to 5 (5 is the highest scale) consumers compare one product with competitors' products. This matrix contains data on Importance to customer, Customer Satisfaction Performance, and Adjustment Factor. (**3**) Design characteristic: this section is also called the Technical Response (Cohen, 1995). To change product design to better meet customer needs, we need to translate the requirements obtained from consumers into measurable design characteristics. (**4**) Relationship matrix: in this matrix we identify how design characteristics are related to customer requirements and the resulting relationships can be positive or negative. (**5**) Trade off matrix: product design characteristics are also interrelated, as shown in the top matrix (matrix's roof). This matrix, also known as Technical Correlation, contains an assessment of the relationship between each technical characteristic, whether they support each other or contradict each

other (Cohen, 1995). (**6**) Target values: the final part of the House of Quality Matrix is to add quantitative measures to the design characteristics. To determine which design characteristics can be changed, we compare the estimated impact of the change with the estimated cost. After doing the comparison, then we do a ranking to determine which technical response will be prioritized.

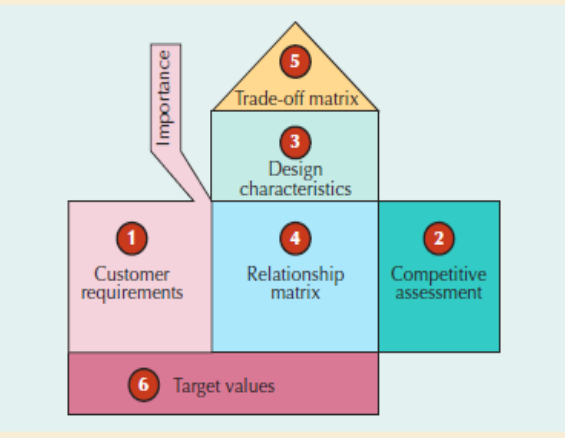

Figure 2. Matrix House of Quality (Russel & Taylor, 2011).

METHOD, DATA, AND ANALYSIS

1. Research Method

This research on service quality design analysis uses qualitative research in the form of case studies. According to Cresswel (2016) in the case study the research was carried out in depth and complete information was collected using various data collection methods based on a predetermined time span. In this study, the researchers used key informants who understand and are responsible for the development of service quality at the Matahari Department Store also customer who have Matahari member card (Matahari Reward) and Customers with a minimum shopping transaction frequency of three times a month during the period May–July 2022. The data analysis unit in this study is the quality of service at PT. Matahari Department Store. The data collection method used observation, interviews, and questionnaires.

2. Data Validity Method

In this study, the validity of the data was carried out using the data triangulation method, which is a method of checking validity that requires data to be viewed from various perspectives (Sekaran & Bougie, 2016). The triangulation method used in this study are: (**1**) Source Triangulation: researchers use the same technique to obtain data from different sources (Sugiyono, 2012). Sources of data were taken from the Customer Experience Department and customers. (**2**) Triangulation of Data Collection Techniques: researchers use two or more different methods for the same research object (Sukardi, 2006). The method of observing employee service to customers and store atmosphere as well as customer reactions to service and store atmosphere, interviews with Customer Experience and Customers, Service Quality Questionnaires, and Kano Model Questionnaires were used by researchers. (**3**) Time Triangulation: the method used by the researcher is observation, interviews, and questionnaires in different time situations.

3. Data Analysis Method

Data Analysis Phase using Kano Model. Data analysis using the Kano Model is carried out to obtain attributes that can be developed to improve service quality. The stages are as follows: (**1**) Attribute Classification, from the questionnaire data obtained from respondents' responses to positive and negative questions. The data were then analyzed using the Kano Model to categorize the attributes of each respondent by combining positive and negative questions. The data from the questionnaire is then included in the Kano Model Evaluation Table by including 6 attributes of the Kano Model. (**2**) Questionnaire Result Process: this process is carried out to calculate the number of Kano Model categories in each attribute using Blauth's formula (Walden, 1993): **a**) if (one dimensional + attractive + must be) > (indifferent + reserve + questionable) then the grade is obtained from the maximum of (one dimensional, attractive, must be). While, **b**) if (one dimensional + attractive + must be) < (indifferent + reserve + questionable) then the grade is obtained from the maximum of (indifferent + reserve + questionable).

Table 1. Kano Model Evaluation Table.

(+) Functional Question	(-) Dysfunctional Question				
	(1) Like	(2) Must Be	(3) Neutral	(4) Live With	(5) Dislike
(1) Like	Q	A	A	A	O
(2) Must Be	R	I	I	I	M
(3) Neutral	R	I	I	I	M
(4) Live With	R	I	I	I	M
(5) Dislike	R	R	R	R	Q

Note: Customer needs are determined using the Must Be (M), One Dimensional (O), Attractive (A), Reverse Quality Attribute (R); Indifferent Quality Attribute (I); Questionable Quality Attribute (Q). Source: Norfiza & Indrayani, 2011.

Data Analysis using Kano Model Integration and House of Quality. House of Quality is used to measure the extent to which the technical capabilities of PT. Matahari Department Store in fulfilling a number of indicators of consumer expectations for service quality so as to satisfy customers. The stages according to Tan & Pawitra (2001) are as follows: (**1**) Customer Requirement Determination (Whats), for the attributes of customer needs, the integration of the Kano and HoQ models is determined using the Must be, One Dimensional, and Attractive categories (Bakhtiar *et al*., 2010). Other categories such as Indifferent, Reverse, and Questionable are not included in the Customer Requirements because they are considered insignificant to determine customer satisfaction. (**2**) Customer satisfaction performance is the result of an assessment of customer satisfaction with Matahari Department Store services. The greater the value obtained; it indicates that consumers are satisfied with the presence/performance of an attribute. Conversely, the smaller the value obtained; it indicates that consumers are not satisfied with the performance/absence of an attribute. The level of customer satisfaction is calculated based on the difference between the level of expectation (expected service) and the level of reality (perceived service). (**3**) Planning Matrix: **a**) Adjustment Importance: the value of the level of importance obtained from the result of the gap value is multiplied by the respective weights of the Kano category and the value of the expected (expected). **b**) Kano Category: the Kano Model questionnaire process that produces attribute classification is then tabulated so that Kano categories are obtained that are in accordance with the wishes or needs of the customer. **c**) Percent Importance (Persentase Tingkat Kepentingan): this stage is to find the average percentage of adjusted importance which is useful as a reference for prioritizing the attributes that will be included in the House of Quality. (**4**) Technical Response: this is a necessary step to improve service quality. In this section, technical responses are obtained from interviews and discussions with the Customer Experience Department to obtain solutions to achieve customer satisfaction. (**5**) Relationship Matrix: relationship matrix is used to determine the relationship that occurs between consumer needs and the technical response of the company. The relationship can be indicated by a positive (+) or minus (-) sign. (**6**) Target Values: adding quantitative targets to be achieved in the design characteristics, then ranking is made to determine which technical responses will be prioritized. (**7**) Technical Matrix: revealed the foundation of the House of Quality. The Technical Matrix consists of: **a**) the value of the Technical Characteristics obtained from the calculation of Adjustment Importance and the value of the relationship. **b**) Percentage of Technical Characteristic Value (Figure 3).

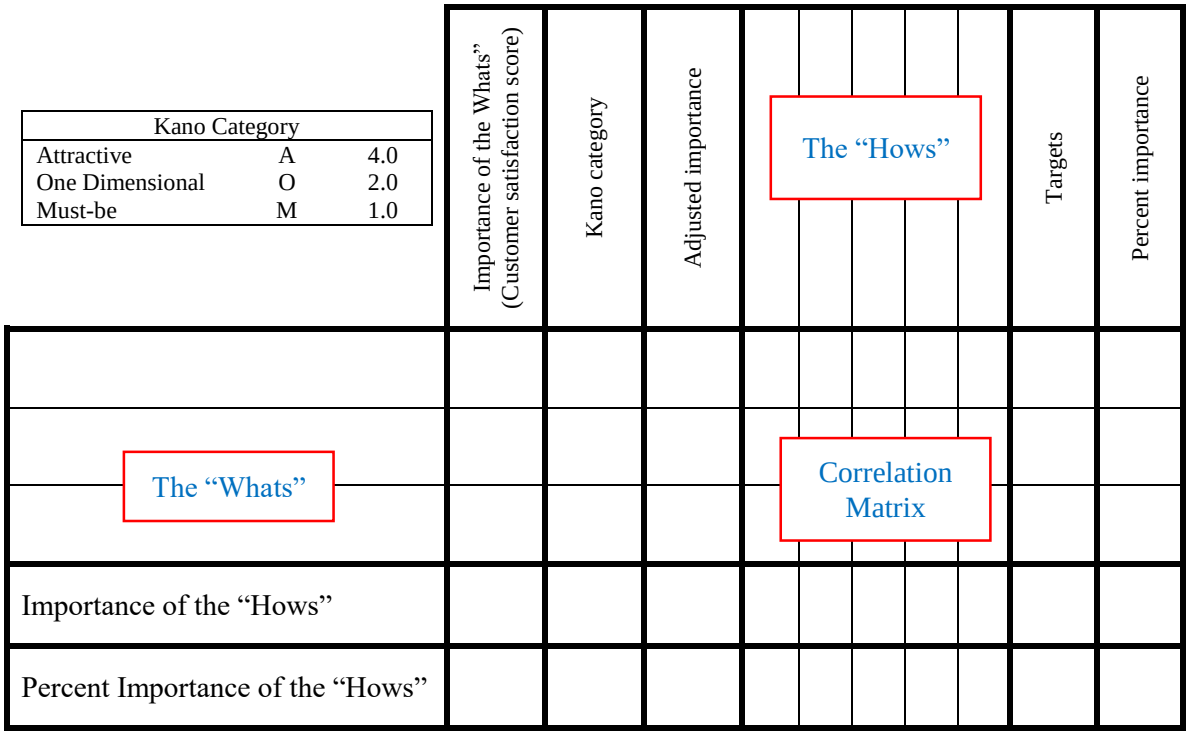

Figure 3. Integration Matrix of Kano Model and House of Quality (Tan & Pawitra, 2001).

RESULT AND DISCUSSION

Determining the Indicator Score of each Servqual Variable.

1. **Determining the Value of Expectations**

   Total Score= $(H_1 \times 1) + (H_2 \times 2) + (H_3 \times 3) + (H_4 \times 4) + (H_5 \times 5)$

   where, number of respondents with the answer: H_1= not important; H_2= less important; H_3= quite important; H_4= important; and H_5= very important.

   Example of calculating the total score for attribute 1, "Location of Matahari Department Store":
   Total Score= $(0 \times 1) + (0 \times 2) + (10 \times 3) + (33 \times 4) + (7 \times 5) = 197$

   Divide the total score by the number of respondents

   Expected Value = Total Score : Number of Respondents

   Example of calculating the expected value of attribute 1. "Location of Matahari Department Store:
   Expected Value = 197 : 50 = 3.94

2. **Determining the Value of Perceived**

   Total Score = $(P_1 \times 1) + (P_2 \times 2) + (P_3 \times 3) + (P_4 \times 4) + (P_5 \times 5)$

   where, number of respondents with the answer: P_1= not important; P_2= less important; P_3= quite important; P_4= important; and P_5= very important.

   Example of calculating the total score for attribute 1, "Location of Matahari Department Store":
   Total Score = $(0 \times 1) + (0 \times 2) + (9 \times 3) + (35 \times 4) + (6 \times 5) = 197$

3. **Determining Gap Score**

   Gap Score can be calculated by the following formula:
   Gap Score = Perceived Value – Expected Value
   If Perception Value more than Expected Value, then Dissatisfied is (-), while Perception Value less than Expected Value, then Satisfied is (+).

Table 2. Determining Gap Score.

No.	Statements	Gap Score
1	Environment conditions inside matahari department store	-0.90
2	Service speed	-0.84
3	Matahari departments store's emplyoee's grooming	-0.78
4	Matahari department store service time	-0.66
5	Number of employees serving	-0.64
6	Attitude of Matahari department store employees when serving	-0.60
7	Ability to explain	-0.56
8	The readiness of employees to serve customers	-0.52
9	Employee understanding of customer needs	-0.52
10	Service time compatibility	-0.50
11	Matahari department store support facilities	-0.48
12	Employee service according to service standards	-0.48
13	Matahari department store product prices	-0.20
14	Matahari department store reputation	-0.14
15	Other customer service support facilities	-0.12
16	Exchange policy	-0.02
17	Matahari departments store location	0.00

Note: Using servqual, the final attribute with a gap score of 0 is obtained, and then the variabel was removed.

Kano Model Measurement

1. Attribut Classification
   In analyzing the respondents' responses using the Kano Model measurement, the respondent's data was divided based on positive (functional) questions and negative (dysfunctional) questions from the service attributes of PT. Matahari Department Store.
2. Deciding the Kano Model Category
   The next process after the number of Kano Categories of each service attribute is obtained from the respondents is to determine the Kano Category for each attribute by using Blauth's Formula.

Table 3. Kano Model Measurement of Model Category.

No.	Statements	Blauth's Formula		Kano Category
		(M+O+A)	(R+I+Q)	
1	Environmental Conditions Inside Matahari Department Store	50	0	O
2	Matahari Department Store's Employee's Grooming	48	2	M
3	Matahari Department Store Services Time	45	5	M
4	Attitude of Matahari Department Store Employees When Serving	48	2	O
5	Matahari Department Store's Service Hours	50	0	M
6	Employee understanding of customer needs	50	0	M
7	Matahari Department Store Product Prices	50	0	O
8	Other Customer Service Support Facilities	49	1	O
9	The Readiness of Employees to Serve Customers	46	4	O
10	Ability to Explain	49	1	O
11	Service Speed	50	0	O
12	Matahari Department Store Reputation	50	0	O
13	Exchange Policy	50	0	O
14	Service Hours Compatibility	50	0	M
15	Employee Service According to Service Standards	50	0	O
16	Number of Employees Serving	50	0	O

Note: Kano Category representing Must Be (M), One Dimensional (O), and Attractive (A).

Building a House of Quality with Kano Model integration

1. Determining Customer Requirements – Whats
   Customer needs are determined using the Must Be (M), One Dimensional (O), and Attractive (A) categories (Bakhtiar *et al*., 2010).
2. Determination of Customer Satisfaction Performance
   Customer satisfaction performance is obtained from the difference between the levels of expectation (expected service) with the level of reality (perceived service) or also called the gap score.
3. Planning Matrix
   a. Adjustment Importance
      The calculation can be done as follows:

      Adjusted Importance= Gap Score × Kano Category Weight × Expected Value

   b. Kano Category
      Kano category is obtained from the results of data analysis by classifying service attributes at PT. Matahari Department Store using Blauth's Formula.
   c. Percent Importance
      At this stage the Percent Importance obtained from the calculation of the Adjusted Importance percentage is then ranked. The ranking results are used as a reference to prioritize the attributes that will be included in the preparation of the House of Quality.

Table 4. Planning Matrix.

No.	Statements	Gap Score	Kano Category	Weight of Kano Category	Expected Value	Adjusted Importance	Absolute Value	% Adjusted Importance
1	Environmental Conditions Inside Matahari Department Store	-0.90	O	2	4.44	-7.99	7.99	14.8%
2	Service Speed	-0.84	O	2	4.02	-6.75	6.75	12.5%
3	Attitude of Matahari Department Store Employees When Serving	-0.60	O	2	4.34	-5.21	5.21	9.7%
4	Number of Employees Serving	-0.64	O	2	3.82	-4.89	4.89	9.1%
5	Ability to Explain	-0.56	O	2	3.92	-4.39	4.39	8.2%
6	The Readiness of Employees to Serve Customers	-0.52	O	2	3.98	-4.14	4.14	7.7%
7	Employee Service According to Service Standards	-0.48	O	2	4.14	-3.97	3.97	7.4%
8	Matahari Department Store's Employee's Grooming	-0.78	M	1	4.2	-3.28	3.28	6.1%
9	Matahari Department Store's Service Hours	-0.66	M	1	4.44	-2.93	2.93	5.4%
10	Service Hours Compatibility	-0.50	M	1	4.54	-2.27	2.27	4.2%
11	Employee understanding of customer needs	-0.52	M	1	4.26	-2.22	2.22	4.1%
12	Matahari Department Store Support Facilities	-0.48	M	1	4.14	-1.99	1.99	3.7%
13	Matahari Department Store Product Prices	-0.20	O	2	3.84	-1.54	1.54	2.9%
14	Matahari Department Store Reputation	-0.14	O	2	4.32	-1.21	1.21	2.2%
15	Other Customer Service Support Facilities	-0.12	O	2	3.56	-0.85	0.85	1.6%
16	Exchange Policy	-0.02	O	2	4.56	-0.18	0.18	0.3%

4. Technical Requirement

On the technical response stage, data were obtained from interviews and discussions with the Customer Experience Department representatives from the company. In this stage, several aspects must be improved and developed in order to meet customer requirements.

Table 5. List of the Customer Requirement and Technical Requirement.

No.	Customer Requirements	Technical Requirements
1	Environmental Conditions Inside Matahari Department Store	Store ambiance standard (Layout, Light, VM, AC, Cleanliness, Music)
		Six Power VM Application Control (Training, Birding on the Spot, Product Exposed Counter
2	Matahari Department Store's Employee's Grooming	Matahari's Grooming Standar Application Control
3	Matahari Department Store Support Facilities	Store ambiance standard (Layout, Light, VM, AC, cleanliness, Music)
4	Attitude of Matahari Department Store Employees when serving	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE For Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
5	Service Hours Compatibility	Store Operational Hour
6	Employee Understanding of Customer Needs	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE For Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
7	Matahari Department Store Product Price	Retail Price Policy
8	Matahari Department Store Support Facilities	Completeness of Service Support Facilities
9	The readiness of employees to serve customers	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE for Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
10	Ability to Explain	Product Knowledge (Training PK)
		Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE for Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
11	Service Speed	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE for Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
12	Matahari Department Store Reputation	Matahari Department Store Company Mission
13	Exchange Policy	Exchange Policy
14	Service Hours Compatibility	Store Operational Hour
15	Employee Service According to service Standards	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
		CE for Frontline Application Control (General Meeting, Briefing Counter, Coaching, Role Play)
16	Number of employees serving	Man Power Standard
		Shift Management

5. Relationship Matrix

Determination of the relationship is done by associating between Customer Requirements and Technical Requirements, and then indicated by the symbols that strong (●), moderate (○), and weak (△).

Table 6. Relationship Matrix between the Customer Requirements and Technical Requirements.

No.	Customer Requirements	Adjusted Importance	Store ambiance standard (Layout, Light, VM, AC, cleanliness, Music)	Six Power VM Application Control (Training, Briefing on the spot, Product Exposed Counter)	Matahari's Grooming Standar Application Control	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching Role Play)	CE for Front liner Application Control (General Meeting, Briefing Counter, Coaching Role Play)	Store Operational Hour	Retail Price Policy	Completeness of service support facilities	Product Knowledge	Matahari Department Store Company Mission	Exchange Policy	Man Power Standard	Shift Management
1	Environmental Conditions Inside Matahari Department Store	7.99	●	●											
2	Service Speed	6.75				●	●								
3	Matahari Department Store's Employee's Grooming	3.28			●										
4	Matahari Department Store's Service Hour	2.93						△							
5	Number of employees serving	4.89												●	●
6	Attitude of Matahari Department Store Employees when serving	5.21				●	●								
7	Ability to Explain	4.39				●	●				○				
8	The readiness of employees to serve customers	4.14				●	●								
9	Employee Understanding of Customer Needs	2.22		●		●									
10	Service Hours Compatibility	2.27						△							
11	Matahari Department Store Support Facilities	1.99		●											
12	Employee Service According to Service Standards	3.97				●	●								
13	Matahari Department Store Product Price	1.54							○						
14	Matahari Department Store Reputation	1.21										●			
15	Other Customer Service Support Facilities	0.85								●					
16	Exchange Policy	0.18											●		

6. Technical Requirement Target

Target of Technical Requirements were determined according to the attributes of the technical requirements. Determination of targets were obtained from the results of discussions with the management of PT. Matahari Department Store.

Table 7. Technical Requirement Target.

No.	Technical Requirements	Target
1	Store ambiance standard (Layout, Light, VM, AC, cleanliness, Music)	Increased customer shopping experience
2	Six Power VM Application Control (Training, Briefing on the spot, Product Exposed Counter)	Employees can apply six power VM at the counter
3	Matahari's Grooming Standar Application Control	The appearance of employees is neat and attractive
4	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)	Employees can apply and serve customers according to the Six Minimum rules
5	CE For frontline Application Control (General Meeting, Briefing Counter, Coaching Role Play)	Employees can apply and serve customers according to CE for frontline rules
6	Store Operational Hour	According to the mall's opening and closing hours (12 hours)
7	Retail price policy	Customers get goods at affordable prices
8	Completeness of service support facilities	Customer Service counter available
9	Product Knowledge (Training PK)	Employees understand the foods being sold and can explain to customers
10	Matahari Department Store Company Mission	Fulfilled
11	Exchange Policy	The customer kniws the information that there is a max. 30 days of exchange policy
12	Man Power Standard	All customers are served
13	Shift Management	There is always a Sales Associate in the counter area

7. Technical Matrix

a. Absolute Importance is obtained from the calculation of Adjustment Importance x relationship value.

b. Relative interest is obtained from the percentage value of absolute importance.

Table 8. Technical Matrix.

No	Technical Requirements	Absolute Importance	Relative Importance	Rank
1	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching, Role Play)	240.12	28%	1
2	CE for Frontline Application Control (General Meeting, Briefing Counter, Coaching Role Play)	220.14	25%	2
3	Six Power VM Application Control (Training, Briefing on the spot, Product Exposed Counter)	109.80	13%	3
4	Shift Management	88.02	10%	4
5	Store ambiance standard (Layout, Light, VM, AC, cleanliness, Music)	71.91	8%	5
6	Man Power Standard	71.46	8%	6
7	Matahari's Grooming Standar Application Control	29.52	3%	7
8	Product Knowledge (Training PK)	13.17	2%	8
9	Matahari Department Store Company Mission	10.89	1%	9
10	Completeness of service support facilities	7.65	1%	10
11	Retail price policy	4.62	1%	11
12	Store Operational Hour	2.27	0%	12
13	Exchange Policy	1.62	0%	13
	Average of Technical Requirement		8%	

Table 9. House of Quality of the Service Quality PT. Matahari Department Store.

No.	Customer Requirements	Gap Score	Kano Category	Adjusted Importance	Store ambiance standard (Layout, Light, VM, AC, Cleanliness, Music)	Six Power VM Application Control (Training, Briefing on the spot, Product Exposed Counter)	Matahari's Grooming Standar Application Control	Six Minimum Application Control (General Meeting, Briefing Counter, Coaching Role Play)	CE for front liner application Control (General Meeting, Briefing Counter, Coaching Role Play)	Store Operational Hour	Retail Price Policy	Completeness of service support facilities	Product Knowledge	Matahari Department Store Company Mission	Exchange Policy	Man Power Standard	Shift Management
1	Environmental Conditions Inside Matahari Department Store	-0.90	O	7.99	●	●											
2	Matahari Department Store's Employee's Grooming	-0.78	M	3.28			●										
3	Matahari Department Store Support Facilities	-0.48	M	1.99		●											
4	Attitude of Matahari Department Store Employees when serving	-0.60	O	5.21				●	●								
5	Matahari Department Store's Service Hour	-0.66	M	2.93						△							
6	Employee Understanding of Customer Needs	-0.52	M	2.22		●		●									
7	Matahari Department Store Product Price	-0.20	O	1.54							O						
8	Other Customer Service Support Facilities	-0.12	O	0.85								●					
9	The readiness of employees to serve customers	-0.52	O	4.14				●	●								
10	Ability to Explain	-0.56	O	4.39				●	●				O				
11	Service Speed	-0.84	O	6.75				●	●								
12	Matahari Department Store Reputation	-0.14	O	1.21										●			
13	Exchange Policy	-0.02	O	0.18											●		
14	Service Hours Compatibility	-0.50	M	2.27						△							
15	Employee Service According to service Standards	-0.48	O	3.97				●	●								
16	Number of employees serving	-0.64	O	4.89												●	●
	Targets				Customer Shopping Experience increases	Employees can apply six power VMs on the counter	Employee appearance is neat and attractive.	Employees can apply and serve customers according to the minimum six rules.	Employees can apply and serve customers according to the CE for front liner rules.	In accordance with mall operating hours (12 hours),	Customers get goods at affordable prices.	A fitting room is available; try chairs in the shop area that are sufficient and	Employees understand the product being sold and can explain it to the customer	Fulfilled	The customer knows from the information that there is a facility to exchange goods for a max of 30 days.	All customers are served.	There is always a sales associate in the counter area.
	The importance of technical requirements				71.91	109.8	29.52	240.12	220.14	2.27	4.62	7.65	13.17	10.89	1.62	71.46	88.02
	Percentage level of interest technical requirements				8.3%	12.6%	3.4%	27.6%	25.3%	0.3%	0.5%	0.9%	1.5%	1.3%	0.2%	8.2%	10.1%

CONCLUSION

Based on the results of the study, three conclusions were obtained. **First**, from the identification of service quality attributes using servqual, 1 attribute with a gap score of 0 is obtained, which is the location of the Matahari Department Store that can satisfy customers. Meanwhile, the attribute with the highest gap score -0.9, which is the environmental conditions in the Matahari Department Store, is the attribute that is the least satisfying to customers. **Second**, from the combined results of Servqual with Kano Model classification, 12 attributes are obtained with category O (One Dimensional) which can improve the quality of service to customers. These attributes are the environmental conditions inside the Matahari Department Store, the attitude of Matahari Department Store employees when serving, the price of Matahari Department Store products, other service support facilities, the readiness of employees to serve customers, the ability to explain, speed of service, the reputation of the Matahari Department Store, exchange of goods, service according to service standards, and the number of employees serving. **Finally**, from the results of the integration of Servqual and the Kano Model which is included in the House of Quality, the results of the technical response are above an average of 6% which can be used to meet customer expectations for service quality so that they can satisfy customers, namely: **a**) Control the implementation of the Six Minimum with a contribution value of 28%. **b**) Control the application of CE for Frontliner with a contribution value of 25%. **c**) Control the implementation of Six Power VM with a contribution value of 25%. **d**) Shift Management with 10% contribution value. **e**) Store ambiance standards (layout, lighting, VM, AC, cleanliness, music) with a contribution value of 8%. **f**) Standard man power with 8% contribution value.

IMPLICATION, LIMITATION AND SUGGESTIONS

1. Implication

The two implications of the study were theoretical and empirical. On theoretical aspect, research on the quality of retail services using Servqual and the integration of the canoe model with the House of Quality is still rarely done, so it is hoped that this research will provide a basis for future researchers who will conduct research on Service Quality Improvement using the integration of the Kano Model and the House of Quality. On other hand, empirical aspect have also two cases: **a**) provide input to PT. Matahari Department Store regarding strategies that can improve service quality, by identifying and prioritizing service attributes that can meet customer needs using the Servqual method and the integration of the Kano Model with the House of Quality. **b**) Provide input on attributes that can be developed to improve customer satisfaction, such as environmental conditions in the Matahari Department Store, employee attitudes when serving, product prices, customer service support facilities, employee readiness to serve, ability to explain, speed of service, Matahari Department Store reputation, exchange of goods, service according to service standards, and the number of employees who serve.

2. Limitation

The first limitation of the study is Matahari customers who are taken as informants are limited to customers in the Special Province of Yogyakarta and Central Java area. If research conduct in other province the result may be vary or different. Second, in the process of collecting data from informants through interviews and questionnaires, it really depends on the level of honesty of the informants in providing information.

3. Suggestion

The study revealed suggestions for future research are: **a**) Do research with respondents from Matahari throughout Indonesia so that the research results can be more varied. **b**) Due to level of honesty of the informants the objectivity of researchers is very necessary.

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