Conference Paper

The Influence of Price, Quality of Service and Promotions on Customer Satisfaction at Bu Rajab Resto Pancing and Cottage

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Abstract

This study was conducted to analyze the influence of price (X1), service quality (X2) and promotions (X3) on customer satisfaction at Bu Rajab Resto Pancing and Cottage. The study used a quantitative approach and was conducted from March to June 2020. Purposive sampling was used. 120 people were included in the research and 97 people were selected as samples. Participants were customers of Bu Rajab Resto Pancing and Cottage who had visited at least 2 times. A questionnaire was used for data collection. Data analysis involved linear regression, hypothesis testing and classical assumption tests, using the SPSS program. Price and service quality had a significantly positive impact on customer satisfaction, but promotions did not.

Keywords: Price, Service Quality, Promotion, Customer Satisfaction.

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1. Introduction

International and domestic tourists are increasing every day. East Java is one of the favorite tourist destinations for domestic tourists. It was recorded that the number of tourists heading to East Java in January - December 2019 reached 71 million people. Data from the East Java Culture and Tourism Office stated that there was an increase of 1.12% compared to 2018. The increase in tourists in 2019 shows an indication that tourism in East Java and Indonesia is getting better. From these data, it can be said that there are business opportunities in businesses engaged in services, namely tourist attractions for families and restaurants. This business opportunity is a business that is always growing in line with the increasing number of tourists. This business opportunity is used by the owners of capital to establish tourist attractions that offer products in the form of restaurants, fishing ponds and inns.

To maintain the increasing number of customers at Bu Rajab Resto Pancing and Cottage, the restaurant management must implement the right strategy in running the business. Restaurant management must think and see from the consumer's point of view to find out what the customer wants, so customers can feel satisfied with the services provided. Satisfying customers can increase the advantage over the competition because customers who are satisfied with products and services tend to buy back and use the services provided at a later date.

The results of the initial survey of 10 customers regarding questions about the indicators of service quality that are being implemented show that as many as 20% of consumers stated that service quality was lacking, 22% said it was sufficient, 24% said it was good, and 34% said it was very good. These results indicate that the level of service quality applied by Bu Rajab Resto Pancing and Cottage is not as expected. Current market conditions require companies to prioritize consumer satisfaction in order to survive and compete with other companies. By realizing the important role of consumers and the influence of service quality on customer satisfaction, managers must know what is considered important to produce the best performance so they can maximize customer satisfaction.

As a pioneer in establishing tourist attractions in Trawas, Bu Rajab Resto Pancing and Cottage has not been able to increase sales of its products and get more attention compared to other restaurants. Therefore, the company must have a serious strategy to be applied to this restaurant in the future. Through this research, the company hopes that it can produce thoughts and applications of appropriate promotional strategies that can increase customer satisfaction at Bu Rajab Resto Pancing and Cottage..

This study aims to determine and analyze the influence of price factors, the influence of service quality factors, and the influence of promotional factors to determine a good strategy that can support the sustainability and business development of Bu Rajab Resto Pancing and Cottage. This research is also an evaluation material for companies to build better price, service quality and promotion factors.

To answer the research with the title "The effect of price, service quality and promotion on consumer satisfaction at Bu Rajab Resto Pancing and Cottage", quantitative research is used through questionnaires distributed to respondents to test the relationship of independent variables to the dependent variable. The independent variables to be studied are price (X1), service quality (X2) and promotion (X3) and the dependent variable is customer satisfaction. This research was conducted at Bu Rajab Resto Pancing and Cottage from March to June 2020 by distributing questionnaires to respondents, both regular and new customers. Questionnaires were distributed to

respondents directly through questionnaire sheets, via Whatsapp, and Instragram to make it easier to get answers from respondents.

The sampling technique used in this study was a non-probability sample with a purposive sampling approach. Researchers determine the appropriate number of samples, therefore the sampling in this study was aimed at customers who have visited Bu Rajab Resto Pancing and Cottage at least 2 times. The population in this study were 120 customers, with the error limit of 5%, so the number of samples obtained ware 97 people.

2. Theoretical Development

2.1. Price

Kotler and Armstrong (2011) defines price as the amount of money asked for a product or service. Harjanto (2009: 26) Price is an agreement of value which is a requirement for exchange in a purchase transaction. Price can also be defined as something that the buyer must spend to receive the product. More broadly, it can be said that price is the sum of all the value provided by consumers to obtain benefits on ownership or use of a product or service. Price is still one of the most important elements that determine a company's market share and profitability.

Furthermore, indicators related to prices based on Setyo (2017: 758), namely:

1. Affordability of prices

2. Price suitability

3. Price competitiveness

4. Discounts

Several journals that examine the relationship between price and satisfaction are Palma, M.A, and Andjarwati (2016), which states that one of the driving factors for satisfaction is the price factor. The higher the price of a product or service, the higher the expectations that must be met. Tjiptono (2012) states that if the price set by a company is not in accordance with the benefits of the product, then it can reduce the level of customer satisfaction. Conversely, if the price set by a company is in accordance with the benefits received, it will increase customer satisfaction. Meanwhile, according to Hermina, Tinneke and Iyan Pauzi (2017) the price variable has no effect on consumer satisfaction of Sony smartphone users at PT. Maju Jaya Cicaheum Bandung. This is due

to the large number of types of smartphones that just came out at that time, and the large variety of competitive prices for similar smartphones on the market.

2.2. Service quality

One of the ways that a company's sales of goods or services is superior to its competitors is by providing a decent and good quality service that meets the interests of consumers. The level of service quality cannot be assessed from the company's point of view, but it must be viewed from the customer's point of view, the company must be oriented towards the interests of the customer by paying attention to the components of customer quality (Harto, 2015).

Through a survey conducted by Parasuraman, Zeithaml, and Berry, a standard dimension was determined to measure the quality of a service. Hidayat and Firdaus (2014: 239) identify five determinants of service quality, namely as follows:

1. Tangibles

2. Reliability

3. Responsiveness

4. Assurance

5. Empathy

According to Phuong, et al (2018) Customer satisfaction is an important element in delivery service for understanding and satisfying the customers need and wants, which further can increase market share resulting from repat purchases and referrals. This means that customer satisfaction is an important element in a service to be able to understand and satisfy customer needs and wants, the rest can increase the market share resulting from repeated purchases and references given to others. However, according to Setiorini (2019) Service quality does not have a significant effect on customer satisfaction, this means that customers are quite satisfied with the quality of service provided, so the perception of service quality does not affect customer satisfaction.

2.3. Promotion

In managing a marketing communication system, it is necessary to design strategies and sales programs that are effective and efficient. Sales promotion is a key element

in a company campaign. The best promotion is one that is handled carefully, because promotion is not only about how much costs are incurred, but of course it must be in accordance with the conditions and capabilities of the company. Promotion is one of the variables in the marketing mix that is highly implemented by companies in marketing their products or services. According to Marbun et al. (2016) promotion is a communication activity used by companies to convey information and messages so that exchanges occur between sellers and buyers. The promotional indicators according to Philip Kotler listed in Saladin (2004: 172) are as follows:

1. Advertising (Periklanan)

2. Sales Promotion (Promosi Penjualan)

3. Public Relation and Publicity (Hubungan masyarakat dan Publisitas)

4. Personal Selling (Penjualan Personal)

5. Direct Marketing (Pemasaran Langsung)

Direct communication is used and the marketing system is interactive using one or more advertising media.

The results of research by Khan et., Al (2012) show that there is a positive influence between promotion and customer satisfaction. So that the higher the promotion is expected to have a positive impact on customer satisfaction. Likewise, Lasander's (2013) research found that promotion has a significant effect on customer satisfaction. Meanwhile, according to Gulla, et al. (2015) promotion has a negative and insignificant effect on consumer satisfaction. Furthermore, according to Lenzun, James D.D.M and Decky Adare (2014) promotion has a negative and insignificant effect on customer satisfaction of Telkomsel prepaid cards. The results of this study indicate that Telkomsel prepaid card subscribers do not consider the promotion carried out by the company as something important.

2.4. Customer satisfaction

Kotler and Keller (2016) state that customer satisfaction is a person's feeling of satisfaction or disappointment resulting from a comparison of product performance or results with expectations. Lin (2011) explains that customer satisfaction is generated from measuring products and services according to the customer's previous experience as well as an overall evaluation of the consuming experience. Customer satisfaction is considered as an overall evaluation of actual products and intangible services. Customer satisfaction

or dissatisfaction is the difference or gap between expectations before purchase and the performance or results felt after purchase, this refers to the expectancy-disconfirmation paradigm.

According to Kotler and Keller (2016), retaining customers is more important than attracting customers. Therefore, there are 5 indicators to measure customer satisfaction, namely:

1. The conformity of service quality with the level of expectation.

2. Buy again, if you need restaurant services and tourist attractions, then you will return to using the same services.

3. Recommend it to others by talking good things about the company.

4. Satisfaction level compared to similar ones

5. No complaints were filed

3. Methods and Equipment

3.1. Methods

This research is a quantitative research, so the data obtained from respondents through a questionnaire was coded according to a Likert scale. According to Sugiyono (2015: 93), the Likert scale is used to measure the attitudes, opinions and perceptions of a person or group of people about social phenomena. With a Likert scale, the measured variables are elaborated into variable indicators, then the variable indicators are used as a starting point for arranging instrument items in the form of questions or statements. The answer to each statement item or question on a Likert scale was scored.

3.1.1. Analysis of Research Instruments

This research uses validity test and reliability test. The measurement of the validity test in this study is to use the Pearson correlation between each indicator and the total score of indicators which states that if the significance is smaller than the tolerable error rate, namely □= 5%, the data is considered valid.

3.1.2. Multiple Linear Regression Analysis

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

3.1.3. Hypothesis Testing

F Test

1. In this study, a significance level of 0.05 was used with degrees of freedom (n-k), where n is the number of observations and k is the number of variables

2. The decision criteria:

   (a) The model fit test is rejected if sig > 0.05
   (b) The model fit test is accepted if sig < 0.05

T Test

If the t test result with sig <0.05, the independent variable has a partially significant effect on the dependent variable. Vice versa, if the t test with sig> 0.05, the independent variable does not have a partially significant effect on the dependent variable.

R Correlation Coefficient and Coefficient of Determination (R2)

The coefficient of determination is between zero and one. The small value of R2 indicates that the ability of the independent variables to explain the dependent variable is very limited.

Classic Assumption Test

The assumption test in this study consists of:

1. Multicolinearity test, to determine the presence or absence of multicolinearity between the independent variables can be seen from the tolerant and VIF values according to Ghozali (2016: 104), where if the tolerant value > 0,10 or the VIF value < 10, then there is no multicollinearity between the independent variables. Conversely, if the tolerant value < 0,10 or the VIF value > 10, then there is multicolinearity between the independent variables.

2. Heteroscedasticity test, one way to determine whether or not heteroscedasticity is in a multiple linear regression model is to look at the scatterplot graph or the predictive value of the dependent variable, namely SRESID with residual error, namely ZPRED and Glejser test by regressing between independent variables

and residual absolute values. Meanwhile, the Glejser test parameter is if the sig value is greater than 0,05, then there is no symptom of heteroscedasticity. A good model is a model that does not have heteroscedasticity in it (Ghozali 2016: 134).

3. Autocorrelation test, Run test is done by making a basic hypothesis, namely::

H0: residual (res_1) random (acak)

HA: residual (res_1) not random

With the basic hypothesis above, the basis for statistical test decision making with the Run test is (Ghozali, 2016; 116):

(a) If the value of Asymp. Sig. (2-tailed) is less than 0,05, then H0 is rejected and HA is accepted. This means that the residual data is not random (systematic).

(b) If the value of Asymp. Sig. (2-tailed) is more than 0,05, then H0 was accepted and HA was rejected. This means that the residual data occurs randomly (random).

4. Normality test, the test used was the Kolmogorov-Smirnov. The hypothesis applies if the significance value > the significance level of 5% then H0 – was accepted and HA was rejected, then the residual is normally distributed

4. Results

4.1. Validity test

The measurement of the validity test in this study use the Pearson correlation between each indicator and the total indicator score which states that if the significance is less than the tolerable error rate, namely □=5%, then the data was declared as valid. The test results show that all statements in the questionnaire are declared valid because the sig value is smaller than 5%.

4.2. Reliability Test

The test results show that the Cronbach Alpha value of price is 0,836 > 0,7, the Cronbach Alpha value of service quality is 0,947 > 0,7, and the Cronbach Alpha value of promotion is 0,946 > 0,7. So, all variables meet the reliability test requirements.

4.3. Multiple Linear Regression Analysis

In this study, multiple regression analysis was carried out to measure the influence or linear relationship of price (X1), service quality (X2) and promotion (X3) on customer satisfaction (Y). Equation model 1 can be written as follows:

$$Y = -0,227 + 0,739X1 + 0,252X2 + 0,089X3$$

4.4. Hypothesis testing

4.4.1. F Test

Based on the calculation results, the F test shows that the simultaneous influence of all variables, namely price, service quality and promotion on customer satisfaction, shows significant results. This is indicated by the magnitude of the F value of 104,835 with a significance level of 0,000 (< 0.05).

4.4.2. T Test

Based on the results of the calculation, it can be obtained that the t value of the price variable was 9,423 with a Sig value of 0,000. This shows that the Sig value is smaller than 0,05. This means that the price variable has a significant effect on customer satisfaction.

Furthermore, the t value obtained from the Service Quality variable was 3.162 with a Sig value of 0,002. This shows that the Sig value is smaller than 0,05. This means that the Service Quality variable has a significant effect on Customer Satisfaction.

Then, the t value obtained from the Promotion variable was 1,505 with a Sig value of 0,136. This shows that the Sig value is greater than 0,05. This means that the promotion variable has a insignificant influence on customer satisfaction.

4.4.3. Correlation Coefficient R and Coefficient of Determination (R2)

The R value between Price, Service Quality and Promotion on Customer Satisfaction was 0,879, so it can be concluded that there was a very strong correlation.

In the correlation coefficient, the correlation variable price, service quality and promotion had a significance value of 0,000 on customer satisfaction, as well as among these variables. This showed a significant correlation between variables. The coefficient of determination R2 showed a value of 0,772 or 77.2%. This shows that the variable price,

service quality and promotion have a simultaneous effect on customer satisfaction variables, while the rest was influenced by other variables that are not studied.

4.5. Classic assumption test

After testing with regression analysis, a test was conducted to prove whether the assumed equation has met the requirements. The assumption test in this study consists of the multicollinearity test, heteroscedasticity test, autocorrelation test, and normality test.

4.5.1. Multicollinearity Test

Based on the calculation, the test results showed a tolerance value of X1 Y of 0,567, X2 Y of 0,385, X3 Y of 0,488. Meanwhile, the VIF value of X1 Y was 1,765, X2 Y was 2,595, X3 Y was 2,051. Based on the test parameters, the tolerance value > 0,1 or the VIF value < 10 has been fulfilled. This indicates that there were no multicollinarity.

4.5.2. Heteroscedasticity Test

To determine the presence or absence of heteroscedasticity symptoms, a Glejser test was performed on appendix C-68 which then shows a significance value of X1 of 0.120, a significance value of X2 of 0.829 and a value of X3 of 0.06. So, it can be concluded that there were no symptoms of heteroscedasticity.

4.5.3. Autocorrelation Test

Based on the calculation of the Asymp value is Sig. (2-tailed) of 0,185. Thus the autocorrelation test parameters 0,185 > 0,05 have been fulfilled. This shows that there was no autocorrelation.

4.5.4. Normality test

From the calculation, there was a significance value of 0.074. Based on the parameters of the normality test 0.074> 0.05 has been fulfilled. This shows that the residuals were normally distributed.

The Influence of Price on Customer Satisfaction

Based on the calculation of the price coefficient value, it is known that the Sig value of the relationship between the Price and Customer Satisfaction variables was 0,000. The results of this study proved that hypothesis 1 can be accepted. Therefore it can be concluded that there is a positive and significant influence between Price and Customer Satisfaction.

The Influence of Service Quality on Customer Satisfaction

Based on the calculation of the service quality coefficient value, it is known that the Sig value of the relationship between the Service Quality and Customer Satisfaction variables was 0,002. The results of this study prove that hypothesis 2 can be accepted. Therefore, it can be concluded that there is a positive and significant influence between Service Quality and Customer Satisfaction.

The Influence of Promotin on Customer Satisfaction

Based on the calculation of the promotion coefficient value which can be seen in Table 5.8, it is known that the Sig value of the relationship between the Promotion and Customer Satisfaction variables was 0,136. The results of this study proved that promotion does not have a significant effect on customer satisfaction because the Sig > 0,05. Therefore, it can be concluded that there is no significant influence between Promotion and Customer Satisfaction, so hypothesis 3 was rejected.

5. Discussion

Based on the conclusion of this study, price and service quality have an important role in determining customer satisfaction, but they are not in line with the promotion variable which does not have a partially significant effect. Price, service quality, and promotion simultaneously have a significant effect on customer satisfaction. Therefore, in determining a strategy there must be a synergy between price, service quality and promotion in order to increase customer satisfaction, which can increase sales and get the attention of customers.

TABLE 1: Managerial Implications

No.	Before Research	After Research
1.	The affordability of the price of Bu Rajab Resto, fishing rods and cottages	• Offer several Value Packs for customers, such as budget packages for families. • Give discounts or voucher in certain events. For example, New Year, Eid, Christmas events.
2.	The performance quality of the employees of Bu Rajab Resto Pancing and Cottage	• Creating Standard Operating Procedures (SOP) regarding Customer Service Excellence for employees at Bu Rajab Resto Pancing and Cottage
		training to employees every month in order to provide the best service at Bu Rajab Resto Pancing and Cottage, according to *Customer Service Excellence* • Require employees to do 3S, namely Senyum (smile), Salam (greeting), Sapa (greeting)..

6. Conclusion

Based on the results of the data analysis that has been done, it can be concluded that:

- Price was found to have a positive and significant effect on customer satisfaction. Customers are satisfied with the price offered by Bu Rajab Resto Pancing and Cottage. So, the research hypothesis which states that price has a significant effect on customer satisfaction was accepted.

- Service quality was found to have a positive and significant positive effect on customer satisfaction. This showed that customers are satisfied with the quality of service provided by Bu Rajab Resto Pancing and Cottage, so the higher the level of service quality, the higher customer satisfaction. So, the research hypothesis which states that service quality has a significant effect on customer satisfaction was accepted.

- Promotion was found to have a positive and insignificant effect on customer satisfaction. This means that customers did not really consider the promotion carried out by Bu Rajab Resto Pancing and Cottage. Thus, the research hypothesis which states that promotion has a significant effect on customer satisfaction was rejected.

Acknowledgement

Conflict of Interest

The authors have no conflict of interest to declare.

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