Effect of Price and Service Quality on Customer Satisfaction and Its Implications for Customer Loyalty at Aston Pluit Hotel & Residence Jakarta

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Abstract: As a provider of lodging, Aston Pluit Hotel & Residence Jakarta "always strives to improve customer satisfaction or hotel guests in order to maintain customer loyalty to Aston Pluit Hotel & Residence Jakarta itself. However, the problem related to this research is about customer loyalty to Aston Pluit Hotel & Residence Jakarta during the 2015-2018 period, during which the number of guests staying at the Hotel Pluit Aston & Residence Jakarta decreased significantly even though the Hotel Pluit Aston & Residence Jakarta raises service standards and promotions to attract guests to visit and stay at the hotel. This research is categorized in Explanatory Research, with the data survey method using a questionnaire. The sampling technique uses Probability Sampling for population withdrawal using census techniques, the sample of respondents is hotel guests with a total of 359 guests. The method used in this research is the analysis of Structural Equation Modeling (SEM) using the LISREL 8.8 program with a factor loading value of 0.05. The results of this study indicate a positive and significant effect of price on customer satisfaction, a positive and significant effect of service quality on customer satisfaction, a positive and significant effect of price on customer loyalty, a positive and significant effect of service quality on loyalty. customers, there is a positive and significant influence of customer satisfaction variables on customer loyalty. There is a positive and significant effect of both price and service quality on customer loyalty through customer satisfaction.

Keywords: Pricing, service quality, customer satisfaction, customer loyalty

INTRODUCTION

The tourism sector is a sector that makes a major contribution to the Indonesian economy. In 2018, the country's foreign exchange originating from the tourism sector reached USD 17.6 billion. The foreign exchange calculation is obtained from the average tourist expenditure of USD 1,100 which is multiplied by the number of visits of 16.2 million.
foreign tourists (Ocktaviany, 2018). With this amount, the tourism sector becomes the second largest foreign exchange contributor in Indonesia after the palm oil sector (Sukmana, Indonesian Tourism Advancement, Indonesia’s Biggest Foreign Exchange Contributor, 2018).

One of the most dominant facilities and infrastructure provided for tourists is the availability of hotels. Hotel is one element of tourism that has a role in providing services and lodging for tourists. Therefore, hotels with the existing facilities and services must be able to fulfill the desires of tourists. If this is not in accordance with the wishes of tourists, the consequence is that consumers will not be loyal (loyal).

Aston Pluit Hotel is a four-star hotel in DKI Jakarta that offers a complete experience of staying with complete facilities. The Aston Pluit Hotel has 229 rooms, a Ballroom with a capacity of 600 people, The location is close to DKI Jakarta facilities such as the airport, station and the Harbor making Aston Pluit Hotel included in the MICE Hotel.

Currently the state of customer satisfaction at Aston Pluit Hotel is not in a good condition. This can be seen from the number of complaints from guests from year to year which can be seen in the following figure.

![Figure 1. Complaints Customer 2019](Source: Aston Pluit Hotel Management, 2019)

In the table above, it can be seen that the number of guest complaints has increased from year to year. In 2015 there were 12 guest complaints, in 2016 there were 16 complaints, in 2017 it increased to 49 and in 2018 there were 51 guests who complained. From these data, according to Nurrochman, there is a service component that has not been optimal in terms of both physical and non-physical services, causing the number of complaints from guests to increase from year to year and have an impact on customer satisfaction.

Referring to previous research which states that service quality has an effect on satisfaction and then has implications for customer loyalty (Shamsudin et al., 2019) a hotel customer will pay attention to the price of the hotel they are going to, related to products related to the facilities there, which include: food products are a supporting factor for a customer to become satisfied and then become loyal to the hotel.

According to research (D. Abdullah et al., 2018) which states that service quality and prices have a positive effect on customer satisfaction, if the quality of products related to hotel food is improved, customer satisfaction will increase, as well as prices, if the prices offered are in accordance with customer desires, customer satisfaction will increase hand in hand. (Joudeh & Dandis, 2018) price has an important role in achieving customer satisfaction and customer loyalty, the prices applied by hotels must be competitive to be relevant to hotel customers.

Service quality has an effect on satisfaction but price has no effect on customer satisfaction according to (Cristo et al., 2017), service quality is quite a priority in the service industry, especially food and beverage, but price is crucial, because not all customers pay
attention price in deciding to buy a product or service, some visitors are more concerned with the quality of service than the price offered.

**LITERATURE REVIEW**

**Price**

According to (Kotler, 2012) basically price is one element of the marketing mix or marketing mix that can generate income, where other elements get costs and are part of the marketing mix elements, namely price, products, channels and promotions, which is what is known as four terms P (Price, Product, Place and Promotion). The price for a business / business entity generates income, while other elements of the marketing mix, namely Product, Place (place / channel) and Promotion (promotion) cause costs or burdens to be borne by a business / entity. efforts (T. Abdullah & Tantri, 2012)

**Service Quality**

Perceptions of customers, products (services), and processes are oriented towards quality that should be consistent with one another. In services, products and processes are difficult to distinguish clearly, because the product is a process itself. The service quality approach that is widely used as a reference in marketing research is the SERVQUAL (Service Quality) model developed by (Parasuraman et al., 2005). SERVQUAL is built on a comparison of two main factors, namely the customer's perception of the expected service. Customer expectations are basically the same as what kind of service the company should provide to customers. The expectations of these customers are based on information conveyed by word of mouth (word of mouth), personal needs, past experiences, and external communication (adsvertisements and various other forms of company promotion).

Parasuraman defines service quality as how far the difference is between the reality and expectations of customers for the services they receive / get (Koc, 2017). (Kotler & Keller, 2016a) stated that service quality is a form of consumer assessment of the level of service received (perceived services) with the level of service expected (expected service). Service quality must start from consumer needs and end with consumer perceptions, where consumer perceptions of service quality are an overall assessment of the excellence of a service.

**Customer Satisfaction**

The definition of satisfaction put forward by Kotler is the level of feeling where a person states the results of the comparison of the performance of the service product received with the expected.

This definition is in line with Lovelock and Patterson who stated the following definition of satisfaction:

“Satisfaction is a consumer's post-purchase evaluation of the overall service experience (processes and outcome), it is an affective (emotion) state or a feeling reaction in which the consumer's needs, desires and expectations during the course of the service experience have been met or exceeded. ”. (Lovelock, 2015)

Furthermore, Kotler and Armstrong (2018: 39) say that "Customer satisfaction depends on the product's perceived performance relative to a buyer's expectations."

Another case with that stated by AM Iddrisua et al. in his journal (2015: 19) which states that: "Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business."

Companies need to pay attention to the satisfaction of customers who use the products or services they offer. The importance of customer satisfaction is not only for the sustainability of the company, but also for building good relationships with customers over a long period of time. Satisfied customers tend to make repeat purchases and generally
customers will be happy to recommend products or services from the company to their family or colleagues to use the product.

So from the above definition, it can be seen that customer satisfaction is an evaluation of customers after obtaining or using a product or service where they feel the product obtained matches or exceeds their expectations. Customer satisfaction is beneficial and beneficial to the company because it can build good relationships with customers and customers will make repeat purchases or recommend these products or services to other customers.

**Customer Loyalty**

The definition of customer loyalty has been put forward by many experts both in the context of satisfaction with services and products. One of them is the opinion given by (Stanton et al., 2019) which provides a definition of loyalty to service, namely the degree to which a consumer shows repeat buying behavior from a service provider, has a disposition or a tendency towards a positive attitude towards service providers, and only consider using this service provider when the need arises to use this service.

Loyalty or loyalty is defined as a strongly held commitment to buy or re-subscribe to certain products or services in the future despite the influence of situations and marketing efforts that have the potential to cause behavior change (Hasanuddin, 2019). Meanwhile, according to Tjiptono (2014) customer loyalty is a customer commitment to a brand, store or supplier based on very positive characteristics in long-term purchases. (Hermawan, 2011) states that customer loyalty can be grouped into two, namely brand loyalty and store loyalty.

Brand loyalty is a liking attitude towards a brand which is represented in consistent purchases of the brand over time, while store loyalty is also shown by consistent behavior but the consistent behavior is in visiting a store where the customer can buy the desired brand. Meanwhile, according to Lovelock, loyalty is a customer's decision to voluntarily continue to subscribe to a certain company for a long time. Loyalty will continue only as long as the customer feels he can receive better value (including higher quality in terms of price) than would be obtained by switching to another service provider.

In Peter & Olson's view, loyal customers will subscribe or make repeat purchases for a certain period of time. Loyal customers mean a lot to business entities because the cost of acquiring new customers is more expensive than maintaining old customers (Kumar, 2017).

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**Figure 2. Framework**

H1: Price has an effect on customer satisfaction  
H2: Service quality affects customer satisfaction  
H3: Price affects customer loyalty  
H4: Service quality affects customer loyalty
H5: Customer Satisfaction affects customer loyalty

RESEARCH METHODS

In this study, researchers used a statistical analysis approach. The statistics used in this study are inferential statistics. (Sugiyono, 2014) argues that: inferential statistics (often called inductive statistics or probability statistics) are statistical techniques used to analyze sample data and the results are applied to the population. It is called a probability statistic because the conclusions applied to the population based on the distribution of the sample data are probability in nature.

For testing instruments using the SEM (structural equation modeling) method using the LISREL application. SEM (structural equation modeling) according to (Santoso, 2012) is a combination of factor analysis and regression. SEM (structural equation modeling) according to (Sarjono & Julianita, 2015) is a multivariate analysis that can analyze the relationship between variables in a more complex manner.

SEM (structural equation modeling) is one of the analytical tools used to determine the magnitude of the influence between independent variables on the dependent variable. The SEM (structural equation modeling) application used is LISREL. LISREL is a software specifically developed for SEM research, developed by Joreskog and Sorbom in 1970. (Sarjono & Julianita, 2015) LISREL is the single most sophisticated SEM program and can estimate SEM problems that even other programs can hardly do.

Based on the known population, the number of samples can be determined. In this study, samples were taken using the sample method approach according to Slovin in Agus Herta Sumarto (2015: 75)

\[ e = \text{error} / \text{error when drawing samples, the amount is 5%} \]

with \( N \) (population) = 3,000, then the number of \( n \) (samples) is:

\[ n = \frac{3000}{1 + 3000(0.05)^2} \]

\[ n = \frac{3000}{8.5} = 359 \]

So the sample size is 359 hotel guest.

In this sampling technique, the writer uses Probability Sampling. According to Sugiyono (2014), Probability Sampling allows members of the population to get the same opportunity to be selected as a sample. Strengthened by the consideration that individual data from the population has been obtained, the sampling method used is Stratified Random Sampling.
FINDINGS AND DISCUSSION

Validity and Reliability test

Based on the figure above, all indicators have a loading factor value (λ) greater than 0.5, so it can be concluded that all indicators are valid.

all the indicators that make up the price (X1) have met the validity requirements because the coefficient value or loading factor of the indicator is > 0.5. shows us that all instruments or observer variables that make up service quality (X2) have a loading factor value> 0.5. Thus, it can be concluded that the variables that make up service quality (X2) are valid variables. then all the observer variables that form the customer satisfaction variable (Y1) have a loading factor value of> 0.5. Therefore, all observer variables that form the service quality variable can be declared valid.

The Full Path Diagram Basic Model-Standardize Solution shows us that all the observer variables that make up the customer loyalty variable (Y2) have a loading factor> the required critical loading factor score of 0.5. Therefore, it can be concluded that all observer variables that form the customer loyalty variable (Y2) are valid.

Structural Model Fit Test

The following is an estimation of the overwall model based on the standardized coefficient and t-statistical value.
If the fit of the model is known, it can be seen that all of the statistics show the fit of the fit model except for the measurement except for the bad fit. Of the 7 items measuring Goodness of Fit, only one measurement is bad fit in the fit test of this model, but the researchers consider that this model is acceptable in terms of model fit or Goodness of Fit. This means that the sample covariance matrix is not much different from the estimated covariance matrix.

**Hypothesis test**

Significant is the influence of exogenous variables on endogenous where every influence that occurs in the exogenous variables will significantly influence the endogenous variable. Below is a table 4.22 the results of the analysis of significance based on the print out on a sub SEM LISREL structural equation model, gamber full path SEM model diagram shown in the figure 4.1 - 4.3.

To test the significance of the coefficient of influence between latent variables, we must consult the Z value of the two-tailed test table at $\alpha = 0.05$, so the probability value is $Z < 1$.
\((\alpha/2) = 1 - (0.05/2) = 0.975\). From the Z table, the value of 0.975 is obtained a Z score of 1.96. The Z score of 1.96 is determined as a critical value for significant testing.

**Pathway Effect Coefficient Significance Test**

<table>
<thead>
<tr>
<th>Path Analyze</th>
<th>DCE</th>
<th>T-Test</th>
<th>T-Critical</th>
<th>KESIMPULAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price → Customer Satisfaction</td>
<td>0.17</td>
<td>1.99</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality → Customer Satisfaction</td>
<td>0.34</td>
<td>2.95</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>Price → Customer Loyalty</td>
<td>0.40</td>
<td>3.56</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality → Customer Loyalty</td>
<td>0.56</td>
<td>4.80</td>
<td>1.96</td>
<td>Significant</td>
</tr>
<tr>
<td>Satisfaction pelanggan → Customer Loyalty</td>
<td>0.86</td>
<td>11.07</td>
<td>1.96</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Based on Table 4.2 significance test track influence can be stated that the influence between exogenous variables on endogenous are significant, the magnitude of the effect can be seen from the coefficient masi ng of the variables that showed a positive and significant. The values of the coefficients and the T-count values are obtained from Figures 4.2 - 4.3 and on the structural model of the SEM lisrel print out.

**Hypotesis Test**

The researcher will test these five hypotheses whether the results of the analysis are the same as the hypothesis that the researcher built in this study. The hypotheses built are as follows:

1. H1: Price has a positive and significant effect on customer satisfaction.
2. H2: Service quality has a positive and significant effect on customer satisfaction.
3. H3: Customer satisfaction has a positive and significant effect on customer loyalty.
4. H4: Price has a positive and significant effect on customer loyalty
5. H5: Service quality has a positive and significant effect on customer loyalty

**Effect of Variable Prices on Customer Satisfaction**

Thus the hypothesis which states "price affects customer satisfaction", can be accepted. Prices are shaped by several observer variables such as price affordability, reasonable prices, price flexibility, price relief, price discounts, price compatibility with product quality, price competitiveness, and price compatibility with benefits. This means that the good and bad of a price in the eyes of consumers or customers of Aston Pluit Hotel & Residence Jakarta depends on consumer perceptions of Aston Pluit Hotel & Residence Jakarta, on the eight observer variables that form the price variable. If observer variables such as price affordability, reasonable prices, price flexibility, price relief, price discounts, price suitability with product quality, price competitiveness, and price compatibility with benefits are felt by consumers well and become an impressive experience, the price factor will be even greater. good in the eyes of consumers of Aston Pluit Hotel & Residence Jakarta.

The Influence of Service Quality Variables on Customer Satisfaction

Thus the hypothesis that "quality mop ayanan effect on customer satisfaction", can be received.

As stated at point one that in creating customer satisfaction, one of the things that can create customer satisfaction at Aston Pluit Hotel & Residence Jakarta is the service, products and emotional ties of consumers to Aston Pluit Hotel & Residence Jakarta. Treat service quality components such as the physical facilities of the building or place provided for consumers, modern equipment or facilities that can be used by Aston Pluit Hotel & Residence Jakarta customers, employee appearance, punctuality in providing service, sympathetic attitude of employees towards its guests, the responsiveness of employees and management to complaints and needs of their customers, the credibility of employees such as honesty, a sense of responsibility for their work, understanding and knowledge of customers, understanding customer needs, and having a comfortable operating time for customers can affect satisfaction. customers of Aston Pluit Hotel & Residence Jakarta. The better these factors are practiced by the management and employees of Aston Pluit Hotel & Residence Jakarta, the more satisfied customers are with the services provided by Aston Pluit Hotel & Residence Jakarta.

The results of the analysis of this study confirm the results of research conducted by Ni Ketut Rahayu Laksmi, et.al (2014), Ni Putu Sawitri (2013), I Wayan Widya Suryadharma, I Ketut Nurcahya. (2013), Edmundas Jasinkas (2014), Wibowo (2018). Where the results of their research stated that "service quality affects customer satisfaction".

Effect of Price on Customer Loyalty

Thus the hypothesis which states "Price affects customer loyalty", can be accepted.

Hypothesis test results show us that price affects customer loyalty, this is supported by path coefficient analysis where the significance value of the path coefficient of price influence on customer loyalty is very high and significant.

As we know in the previous discussion that prices are built by observer variables such as affordable, reasonable, flexible, lightweight, discounted prices, price compatibility with product quality, price competitiveness, and price compatibility with benefits. This significant influence relationship means that any changes to the observer variable will affect price changes as well as any changes in the price variable will affect customer loyalty.

The results of this analysis confirm the results of research conducted by Krisnawati and Mahmud (2017), Wibowo (2018), Rita Puspita et al (2017), Firend et al (2014), Niknik Ahmad Munawar & Hapzi Ali1, (2018). All of their results are in line with the results of this study where the research results suggest that "price has an effect either directly or through customer satisfaction on customer loyalty ".

Effect of service quality on customer loyalty

Thus the hypothesis which states "Service quality affects customer loyalty", can be accepted.

Based on the analysis of the data contained in the table, in general, service quality has a significant effect on customer loyalty. Judging from the total coefficient of the direct effect of service quality on customer loyalty, it can be stated that the creation of customer loyalty is very sensitive to the service quality practices implemented by Aston Pluit Hotel & Residence Jakarta.

But in an indirect effect of service quality on the observer variable that forms customer loyalty, this effect is not significant, meaning that service quality will affect changes in
service loyalty observer variables such as making regular purchases, buying between product and service lines, referring to others, and shows immunity to competitors' offerings when product, service, price and cost factors can lead to consumer satisfaction

Customer satisfaction affects customer loyalty

Thus the hypothesis which states "customer satisfaction affects customer loyalty", can be accepted.

Customer satisfaction is built by several observer variables such as service, emotional, price, and cost. As in the previous discussion that customer satisfaction plays an important role in increasing customer loyalty and the results of this research analysis the effect of customer satisfaction in general has a significant effect on customer loyalty. Customer satisfaction will affect customer loyalty if the price and service quality factors as discussed previously can create customer satisfaction. As previously described, in this study the factors that are very influential in creating customer satisfaction are the products offered by Aston Pluit Hotel & Residence Jakarta, the services provided by Aston Pluit Hotel & Residence Jakarta and the emotional bonds of consumers to Aston Pluit Hotel & Residence Jakarta. It is interesting to note that the three variables such as product, service and consumer emotional ties can create loyalty to Aston Pluit Hotel & Residence Jakarta. Because consumers are satisfied with the products and services provided by Aston Pluit Hotel & Residence Jakarta, consumers will feel an emotional bond with Aston Pluit Hotel & Residence Jakarta. The implication of this process is that consumers will automatically make regular purchases of products and services. offered by the company, will buy between existing product lines and services and further consumers will voluntarily refer to others for satisfaction with the products, services and services they feel.

The results of this analysis confirm the results of research conducted by Yunita, D: Ali, (2017), Yenny Chen S, Edwin Japariano. (2014), Ni Ketut Rahayu Laksni Uttami, I Ketut Rahyu, I Made Wardana. (2014), Wibowo (2018). Where the results of their research state that "customer satisfaction affects customer loyalty"

CONCLUSION AND RECOMMENDATIONS

This study aims to examine the effect of the variable price, service quality, on customer loyalty which has implications for customer loyalty. Based on the results of data analysis and discussion that has been done, several conclusions can be drawn, namely:

1. There is a significant positive effect of price on customer satisfaction.
2. There is a significant positive effect of service quality on customer satisfaction
3. There is a significant positive effect on customer loyalty
4. There is a significant positive effect of service quality on customer loyalty
5. There is a significant positive effect of customer satisfaction on customer loyalty

Recommendations

Recommendations for the management of Aston Pluit Hotel & Residence Jakarta For the management of Aston Pluit Hotel & Residence Jakarta, based on the results of field research followed by descriptive analysis, it is found that the price aspect has a significant effect. This means that the management has aligned the amount of price and service quality to the benefits that will be obtained by consumers. In this study, it was found that the significance of the price and service quality variables indicates that the price setting has been adjusted to the quality of service provided by the hotel. M according to the results of research in the field that the consent of the consumer is the bag aimana they get the quality of service is good, convenient services so that consumers have an attachment emotionally by
Aston Pluit Hotel & Residence Jakarta, in using the products or services offered by Aston Pluit Hotel & Residence Jakarta. According to the results of the analysis in this research, with these two variables, consumers are satisfied and the creation of loyalty to Aston Pluit Hotel & Residence Jakarta.

1. Price, which is not burdensome, is the highest interest in this study, based on respondents' responses. This shows that the hotel has really put the right price, for each product offered to hotel customers. It is a positive thing and must be maintained, the price is a sensitive aspect because some customers have different perspectives on each price given. The room rates offered by the hotel are in accordance with the facilities provided, which must be considered, because the facilities will complement the satisfaction of consumers.

2. The quality of service, the hotel management system is very competent, from the results of the respondents' responses this is the highest response. The hotel management system is an internal strategy in a hotel, this is a characteristic of every hotel, with the responsiveness and good management of each team in the hotel, a good output will be created in the form of excellent or competent service from each team in it. Hotel physical facilities have attractiveness, being the lowest response, it would be better if this is more attention because attractiveness is an important thing to be publicized in today's modern era, with updated facilities will support the attraction of hotel visitors.

3. Customer satisfaction, many visitors are satisfied with the services provided by the hotel, because the results of the respondents' responses indicate this, hotel service is an important aspect in the hotel industry because service companies are very oriented towards physical satisfaction. Products are things that must be considered by the hotel because good products will increase customer satisfaction, customer satisfaction related to the products offered by the hotel has a fairly low value based on respondents' answers from the research output.

4. Customer loyalty, loyal customers must be maintained, loyal customers have more value, with loyal customers it will create a positive circle. Loyal customers will be more related to the products or services they like. In this study, the number of loyal customers will make them refuse to visit other hotels. Loyal customers will tell other positive things to other customers or their friends and relationships. Therefore, loyal customers must be really guarded by the company.

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