



EFFECT OF SERVICE QUALITY, PRODUCT EXCELLENCE AND PROMOTION ON CONSUMER SATISFACTION CV. PRIMAJAYA SARANA

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Abstract

This study intends to determine the partial effect of service quality, product excellence, and promotion on consumer satisfaction at CV. Prima Jaya Sarana. All the population in this study is consumers who are spread in Yogyakarta. The sample taken is 60 respondents who are suitable and matched as data sources. The distribution uses Accidental Sampling. The measurement scale uses a Likert scale. Hypothesis testing uses partial test (t test), simultaneous test (F test), and coefficient of determination test (R²), while data processing uses SPSS version 24. The results of this study indicate that partially the quality of service shows a value of 3.634 which means it has a positive and significant effect on consumer satisfaction; partially, product excellence shows a value of 3.312 which means that it has a positive and significant effect on consumer satisfaction and partially promotion shows a value of 2.765 has a positive and significant effect on consumer satisfaction, simultaneously the variables of service quality, product quality, and promotion have a positive and significant effect to customer satisfaction as indicated by a value of 46,348. The influence of service quality, product quality, and promotion variables on purchasing decisions is 69.8%.

Keywords: Service Quality, Product Excellence, Promotion, Customer Satisfaction

JEL Classification: M31, L22

1. INTRODUCTION

The competition in business getting more thigt requires every company to design and implement various kinds of appropriate strategies. This is an effort so that the company has a competitive advantage in the hope that the company will be able to survive and even win the competition from existing competitors. One of the benchmarks that considered by consumers in the service business is the quality of the services offered.

Therefore the process of continuous improvement and enhancement of service quality is very necessary for the company. The car rental business as a service company in

Yogyakarta certainly has its own marketing strategy which is considered to have potential for business development. The different characteristics of the goods and services business, of course, greatly affect the determination of the company's marketing strategy. In service companies, the output has the characteristics of intangible, heterogeneous, inseparable, and not durable.

The pricing strategy in the car rental business is one of the things that must be considered by entrepreneurs, because each price determination will result in different levels of demand from consumers.

Decisions about prices are good if they are able to reflect all the interests of the company, therefore the company must understand very well the factors that will directly affect the price level to be determined (Hasan, 2013: 527).

These factors include costs, business size, service, product excellence, competitive promotion, legal and ethical, demand and supply, nature of the market, marketing mix, economic conditions, and company goals. Promotional factors can also influence consumer decisions in making purchasing decisions. Promotion is one of the efforts made by the seller to the buyer with the right information and aims to change the attitudes and behavior of buyers, so that they know and become buyers and are able to remember the product. (Laksana, 2008:133).

Important promotion factors in realizing a company's sales goals can be done by implementing attractive advertising, such as installing banners, using print and electronic media, sales promotion programs through direct marketing to build good relationships and get direct responses from consumers. Another factor that can influence consumer purchasing decisions in services is the quality of services provided by the company.

The company's commitment to providing services requires seriousness which contains elements of reliable service quality, responsiveness, friendliness and courtesy that are integrated, so great benefits will be obtained, especially customer satisfaction and loyalty. According to Kotler in Laksana (2008:85), service is an offer of action or activity carried out by one party to another, which is essentially intangible and does not result in any ownership.

Service quality according to research from Brady and Cronin (2001:37) there are three dimensions that can be used to measure service quality, namely: the ability of employees, the quality of the physical environment, and the quality of service results. The growth of the tourism and business sectors in Yogyakarta greatly affected the growth of the car rental business.

The rental business or car rental in the Special Region of Yogyakarta is increasing

from year to year, this cannot be separated from the potential and attractiveness of tourism which continues to grow, especially as a tourist destination after Bali Province. Data from the Central Bureau of Statistics of the Special Region of Yogyakarta, states that the number of tourists who come and stay in DIY increased from 3,556,334 people in 2013 to 4,018,657 people in 2015 or an increase of 10.30% (Central Bureau of Statistics DIY, 2015) . In addition, based on BPS data (2015), the average growth in total consumption of Indonesian people for the period 2009-2014 was 12.3%.

Based on the above background the author takes the title "Effect of Service Quality, Product Excellence and Promotion of Consumer Satisfaction CV. Prima Jaya Sarana". Based on the research background, the authors identify the following problems:

1. Is there a partial effect of service quality on customer satisfaction?
2. Is there a partial effect of product excellence on consumer satisfaction?
3. Is there a partial effect of promotion on consumer satisfaction?
4. Is there a joint or simultaneous effect of service quality, product excellence, and promotion on customer satisfaction?

2. LITERATURE REVIEW AND HYPOTHESES

Service is any action, deed or effort that can be offered to other people and invisible or intangible and does not result in any ownership for the user. The production of services is usually associated with tangible goods, or may not be related at all. (Kottler, 1996: 660). Services can also be interpreted as economic activities that provide benefits to customers at certain times and places, as a result of actions to bring changes in themselves or on behalf of certain service recipients (Lovelock, 2005).

Vilson (1982) states that there are 4 characteristics of services that differentiate them from goods. The four characteristics are:

1. Intangibility, which means that it cannot be seen, felt, touched, or seen before it was purchased.

2. Inseparable, that is a service cannot be separated from the source of the provider.
3. Variability, which means services are variable because they are non-standardized outputs, meaning that there are many variations in form, quality and type depending on who, when and where the service is produced.
4. Perishability, services are commodities that are not durable and cannot be stored.

Research conducted by Ghanitama and Kamal (2012) with a journal entitled "Analysis of the Effect of Price, Product Quality and Location on Purchase Decisions (study on buyers of Juwana Milkfish products, Erlina Semarang). The results of hypothesis testing using the t-test showed that the three independent variables, those are price (X1), product quality (X2) and location (X3) proved to have a positive and significant effect on the dependent variable that is purchasing decisions (Y).

Research from Fadmawati in 2014 with the title Analysis of the Effect of Price, Service, Location and Product Diversity on Purchase Decisions at Andina Minimarkets. The results showed that price (X1), service (X2), location (X3), product diversity (X4) had a significant effect on purchasing decisions (Y) at the Andina minimarket. While the price variable has a higher influence than the other variables.

Auderita Zafira and colleagues conducted a research entitled The analysis of product, price, place promotion and service, Buying decision of Convenience Store: A Survey of Young Adults in Bekasi, West Java, Indonesia. This study aims to determine the effect of product, price, location, promotion and service quality on customer decisions in buying at the Bekasi store. And the result is that price, promotion and service quality have the greatest influence on purchasing decisions.

Improved quality of products and services is now considered a very important element in the competitive advantage of a company. As global and international markets are constantly evolving, the quality of products and services is increasingly seen as a strategic asset for companies to enhance global competitiveness.

In particular, the quality of consumer services is seen by Indonesian managers as the main philosophy if they continue to play an important role in the Indonesian economy, from the point of view of the Indonesian economy and banking reform (Wakhid & Elvrita, 2007).

Quality is a dynamic condition connected with products, services, people, processes and the environment that meet or exceed expectations (Tjiptono, 2001). So the definition of service quality can be interpreted as an effort to fulfill the needs and desires of consumers and the accuracy of their delivery in balancing consumer expectations (Tjiptono, 2004). According to Lewis and Booms (in Tjiptono and Chandra, 2005:121), service quality or service excellence is a measure of how well the level of service provided is able to meet customer expectations. Service quality is realized through fulfilling customer needs and desires, as well as the accuracy of delivery to customer expectations.

2.1. Security

According to Kotler and Armstrong (2004:283) the meaning of product quality is the ability of a product to perform its functions, it includes overall durability, reliability, accuracy, ease of operation and product repair as well as other product attributes. From the above definition, it can be concluded that product quality is the ability of a product that can be offered to satisfy a consumer's needs and desires.

According to Assauri (2001 :123) the factors that affect the quality of a product are:

- a. Function of a product. The function for which the product is used or intended.
- b. Outer appearance. The external form factor contained in a product is not only seen from the shape but the color and packaging.
- c. The cost of the product. The cost for the acquisition of an item, for example the price of the item and the cost for the item to the buyer

According to Tjiptono (2008:25) there are 8 (eight) dimensions of product quality, which

are as follows performance, additional features, reliability, conformance to specifications, durability, serviceability, aesthetics and perceived quality.

2.2. Promotion

Promotion, also known as marketing communication, is a company's efforts to try to inform, persuade and remind consumers directly or indirectly about the products and brands. In essence, marketing communication represents the voice of the company and its brand and is ways for companies to dialogue and build relationships with consumers (Kotler and Keller. 2009:172).

According to Tjiptono (2008:219), basically promotion is a form of marketing communication. What is called marketing communication is a marketing activity that seeks to share information, influence / persuade, and / or remind the target market or company and its products to be willing to accept, buy and be loyal to the products offered by the company. Furthermore, the meaning of promotion according to Lupiyoadi and Hamdani (2008: 120) is a communication tool between companies and consumers, but also as a tool to influence consumers in purchasing activities or using services in accordance with their wishes and needs. This is done by using promotional tools, known as the promotional mix.

Kotler and Keller (2009:174) claim the promotion mix consists of:

1. Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services through an identified sponsor. The forms of advertising are print and display advertisements, outer packaging, insert packaging, films, brochures and booklets, posters and flyers, directories, advertisement reprints, billboards, display signs, point of purchase displays, audiovisual materials, symbols and logos, videos.
2. Sales promotions are short-term incentives to encourage trial or purchase of a product or service. Forms of sales promotion include contests, sweepstakes, lotteries, premiums and prizes, samples, bazaars and trade shows, fairs, demonstrations, coupons, rebates, low-interest financing, entertainment, second-hand exchange benefits, and continuity programs.
3. Events and experiences are company sponsored activities and programs designed to create daily or brand-related interactions. Forms of events and experiences are sports, entertainment, festivals, arts, charity events, factory tours, corporate museums, street activities.
4. Public relations and publicity are various programs designed to promote or protect the image of a company or its individual products. Forms of public relations and publicity are media tools, speeches, seminars, annual reports, charitable donations, publications, community relations, lobbying, identity media and corporate magazines.
5. Direct marketing is the use of mail, telephone, facsimile, email or the internet to communicate directly with or response or dialogue from certain customers and prospects.
6. Interactive marketing, which online activities and programs designed to engage customers or prospects and directly or indirectly raise brand awareness, improve image or create sales of products and services.
7. Word of mouth marketing, is verbal, written and electronic communication between people related to the advantages or experiences of buying or using products or services. Forms of word of mouth marketing are person to person, chat rooms, and blogs.
8. Personal selling is a face-to-face interaction with one or more prospective buyers for the purpose of making presentations, answering questions and making orders. The form of personal selling is a presentation to a company that needs a monthly car rental, and a periodic discount program.

2.3. Customer Satisfaction

Satisfaction according to Kotler (2002:42) is a person's feelings of pleasure or disappointment after comparing his perceptions / impressions of the performance (results) of a product and his expectations. Meanwhile, according to Westbrook and Reilly in Tjiptono (2007: 349) customer satisfaction is an emotional response to experiences related to certain purchased products or services, retail outlets, or even behavioral patterns (such as shopping behavior and buyer behavior), as well as the market overall.

According to Supranto (2001), states that measuring the level of satisfaction is closely related to product quality (goods or services). Measurement of quality aspects is useful for business leaders, including:

1. Know well how the running or working of the business process.
2. Know where to make changes in an effort to make continuous improvements to satisfy customers, especially for things that are considered important by customers.
3. Decide whether the changes will made lead to improvement.

The hypothesis is basically a proportion or assumption that may be true and is often used as a basis for decision making/problem solving or as a basis for further research (Supranto, 2009: 63). In this study, the proposed hypothesis is as follows:

- H1: It is suspected that service quality has an effect on customer satisfaction.
- H2: It is suspected that product excellence has an effect on consumer satisfaction.
- H3: It is suspected that promotion has an effect on consumer satisfaction.
- H4: It is suspected that service quality, product excellence and promotion simultaneously affect consumer satisfaction.

3. RESEARCH METHODS

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are

appointed by researchers to be studied and then draw conclusions (Sugiono. 2003: 55). The population in this study are all consumers who use CV. Prima Jaya Sarana Yogyakarta, total up to 250 people who order more than 3 times within 1 year.

According to Sugiono (2003:13), the sample is part of the number and characteristics possessed by the population. If the population is large, and it is not possible for the researcher to study everything in the population, for example due to limited funds, manpower and time, the researcher can use samples taken from that population. The sample in this study were 60 respondents, taken from the average consumer who used the services of CV. Prima Jaya Sarana in the last 3 (three) months with more than 3 orders.

The data collection method by providing a list of questions to be filled out by respondents as a sample to find out the responses of respondents to the problems studied by providing an assessment score. This study uses a Likert Scale which is commonly used to measure a person's attitude, opinion and perception of something (Umar, 2002:69).

4. RESULTS AND DISCUSSION

4.1. Validity and Reliability Test

To measure the validity of the questionnaire given to the respondent, the product Moment correlation formula is used according to (Sugiyono, 2005). The correlation technique uses Pearson Correlation, calculated using the SPSS version 24 computer program. Question items are declared valid if they have r count $>$ r table (Ghozali, 2001), indicating the value of r count for all questions is greater than r table 0.252. Therefore it can be concluded that all items are declared valid and the questionnaire in this study can be used for further analysis, namely multiple linear regression.

Based on the summary of the reliability test results, it can be seen that the Cronbach Alpha coefficient value of all research variables is greater than 0.6. With reference to the opinion

expressed by Ghozali (2001), then all the questions in the research variables are reliable.

To determine the validity of the item, by comparing the level of significance. If the significance is less than 0.05 then the item can be said to be valid. In this study, all variables have been tested for validity, with the results that all variables are valid or have actually been able to measure the desired research object.

4.2. Classical Assumption Analysis

This test is to test whether the observations are normally distributed or not, this test uses Kolmogorov Smirnov. Normality test results can be seen asymp.sig value of $0.405 > 0.05$ so it can be concluded that the data is normally distributed. A good regression model should not have a correlation between independent variables. To determine the presence or absence of multicollinearity, it can be seen from the value of Variance Inflation Factor (VIF) and tolerance (α). that the tolerance value > 0.10 or VIF value < 10 , there is no multicollinearity. That means there is no linear relationship between the independent variables.

An important assumption of the classical linear regression model is that the disturbance that appears in the regression is homoscedasticity, that is all the disorders have the same variance. Heteroscedasticity test results can be seen that the probability value is more than 0.05, therefore the variables proposed in the study do not occur heteroscedasticity.

4.3. Partial Hypothesis Testing

In this study, in analyzing multiple linear regression the author uses the SPSS statistical program series. SPSS is a computer software program that is used to process both parametric and nonparametric data, the following results are obtained:

$$Y = 1.951 + 0.360 X_1 + 0.352 X_2 + 0.252 X_3$$

The test results of multiple linear regression analysis showed that there was a significance value of 0.001 ($0.001 < 0.05$). This value can prove that the hypothesis is accepted, which means that "There is an influence of

service quality on customer satisfaction in CV. Prima Jaya Sarana Yogyakarta".

The test results of multiple linear regression analysis showed that there was a significance value of 0.001 ($0.001 < 0.05$). This value can prove that the hypothesis is accepted, which means that "There is an effect of product excellence on consumer satisfaction on CV. Prima Jaya Sarana Yogyakarta".

The test results of multiple linear regression analysis showed that there was a significance value of 0.008 ($0.008 < 0.05$). This value can prove that the hypothesis is accepted, which means that "There is an effect of promotion on consumer satisfaction on CV. Prima Jaya Sarana Yogyakarta".

The test results of multiple linear regression analysis showed that there was a significance value of 0.000 ($0.000 < 0.05$). This value can prove that the hypothesis is accepted, which means that "There is a simultaneous effect of service quality, product excellence and promotion on consumer satisfaction at CV. Prima Jaya Sarana Yogyakarta".

Based on multiple linear regression analysis, it shows the magnitude of the coefficient of determination (r^2 square) = 0.698, meaning that the independent variables jointly affect the dependent variable by 69.8%, the remaining 30.2% is influenced by other variables not included in the research model.

5. CONCLUSION

Based on the results of the discussion in the previous chapter, it can be concluded as follows:

- 1) The regression equation formula in this study is:
 $Y = 1.951 + 0.360 X_1 + 0.352 X_2 + 0.252 X_3$
- 2) Service quality partially with a value of 3.634 has a significant and positive effect on consumer satisfaction in CV. Prima Jaya Sarana Yogyakarta.
- 3) Partially superior product with a value of 3.312 has a significant and positive effect on consumer satisfaction in CV. Prima Jaya Sarana Yogyakarta.

- 4) Promotion partially with a value of 2.765 has a significant and positive effect on consumer satisfaction on CV. Prima Jaya Sarana Yogyakarta.
- 5) Quality of service, product excellence and promotion simultaneously a value of 46,348 has a significant effect on consumer satisfaction in CV. Prima Jaya Sarana Yogyakarta.

Based on the conclusions and discussion of the research results, the suggestions proposed in this study as follow:

1) For Manager

The company should improve the quality of the products offered, considering the

coefficient of the quality of the products offered is still low in the costumers point of view. By increasing the quality of the product, the value of customer satisfaction will be better, it can attracts customers and retain them so that consumers will not switch to other competitors.

2) For further researchers

For other researchers, it is necessary to conduct a study by extending or developing research variables such as product quality, price, and location, so that other variables that are useful for the development of science can be obtained.

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