

Analysis of the effect of price and quality of service on customer satisfaction RedDoorz Hotel Jakarta

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ABSTRACT

Service quality is one of the most important factors in running a business, because good service quality will increase customer satisfaction and the development of a business. The minimum facilities that are always available at RedDoorz are clean linen, free WiFi, Mineral water, AC, clean toilet, towels, water heater, and 24/7 service. After permanently improving the quality of lodging to meet the main standards of RedDoorz lodging products, RedDoorz is responsible for assisting online and offline room sales. RedDoorz conducts large-scale sales by deploying all corporate sales programs. In a cooperative relationship, RedDoorz guarantees transparency and clear contracts with all innkeepers. The finding is an assessment of whether the tested hypothesis is accepted or rejected. The decision taken is accepted, that actually according to the research above, Service Quality and Price do not affect Visitor Satisfaction with a percentage value that tends to be small in its role using validity tests and simple regression along with classical assumption tests.

Keywords: Price, Service Quality, Customer Satisfaction, Hotel

1. INTRODUCTION

The development of the hospitality and tourism business in Indonesia in 2015-2018 has increased. This can be seen based on the number of Indonesian tourist visitors. Foreign tourist arrivals in Indonesia from January to September 2015 were 7,191,771, an increase of 3.53% compared to 2014 which was 6,946 .849 (Fahlevi, 2020b). With this development, many investors are competing to build hotels by offering facilities and price variations.

In January 2015, Indonesia built 28,652 rooms in 159 hotels. The number puts Indonesia as the second largest country in Asia in hotel development. also Indonesia is the fourth largest country in Asia Pacific to build hotels as of June 2015 (Alexander, 2015).

During that period the total rooms built reached 554,532 units from 2,363 hotels. The value of hotel construction The government's plan to develop around 560 new tourist destinations in 19 provinces of Indonesia, Hotel development is also increasingly intensive in 2015-2018 in Jakarta and Bali (benchmark) (Fahlevi, 2020).

In January 2015, Indonesia built 28,652 rooms in 159 hotels. With this number of rooms, it puts Indonesia as the second country with the most hotels in Asia in hotel development. And also Indonesia became the second and fourth largest country in Asia Pacific in hotel development as of June (Fahlevi et al., 2020). In that period the number of rooms built was 554,532 units from 2,363 hotels. Meanwhile, the value of hotel construction being built in Indonesia from January to May 2015 was recorded at around Rp. 7.85 trillion. The government's plan to develop more than 560 new tourist destinations in 19 provinces of Indonesia, this is of course welcomed by hoteliers,

hotel development is increasingly intensive in 2015-2018 in Jakarta and Bali as reference areas (benchmarks) (Aksu, 2006).

According to AlRasyid and Puspita (2018) Service quality is the quality of services provided to customers, both internal customers and external customers based on standard service procedures.

Then according to Kotler and Armstrong (2018), service quality is the totality of the characteristics of goods and services that show their ability to satisfy customer needs, both visible and hidden. For companies engaged in the service sector, providing quality services to customers is an absolute thing that must be done if the company wants to achieve success.

According to the explanation above, it can be concluded that service quality is one of the most important factors in running a business, because good service quality will increase customer satisfaction and the development of a business. According to Otlar and Armstrong (2018) Customer Satisfaction is a feeling of pleasure or disappointment that arises after comparing the performance (outcome) of the product thought to the expected performance (or result). Meanwhile, according to Otlar and Armstrong (2018) Satisfaction is the customer's response to the fulfillment of their needs. This means an assessment that a form of privilege of an item or service or the goods/services itself, provides a level of comfort related to the fulfillment of a need, including meeting needs below expectations or meeting needs exceeding customer expectations.

It can be concluded from the above definition that customer satisfaction is very important for a business. Because customer satisfaction is a fulfillment of expectations. We can find out whether the customer is satisfied or not with the hotel's products or services that have been provided from the experiences felt by guests. RedDoorz is the largest online budget lodging network in Indonesia. Focusing on the development of lodging and distribution of online sales. RedDoorz will select properties that have the potential to work directly and are committed to the RedDoorz brand. RedDoorz helps property owners to improve the quality of their accommodation in terms of facilities and services.

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The minimum facilities that are always available at RedDoorz are clean linen, free WiFi, Mineral water, AC, clean toilet, towels, water heater, and 24/7 service. After permanently improving the quality of lodging to meet the main standards of RedDoorz lodging products, RedDoorz is responsible for assisting online and offline room sales. RedDoorz conducts large-scale sales by deploying all corporate sales programs. In a cooperative relationship, RedDoorz guarantees transparency and clear contracts with all innkeepers. There are provisions governing the availability of rooms owned by each inn. With trust and commitment to RedDoorz, many inns are willing to follow our business model which is very easy from an operational perspective. RedDoorz has a variety of payment methods that can make it easier for all consumers. In addition, RedDoorz also has loyalty programs, marketing promotions, and 24-hour customer service that is ready to answer questions from RedDoorz customers or partners at any time (Figure 1).

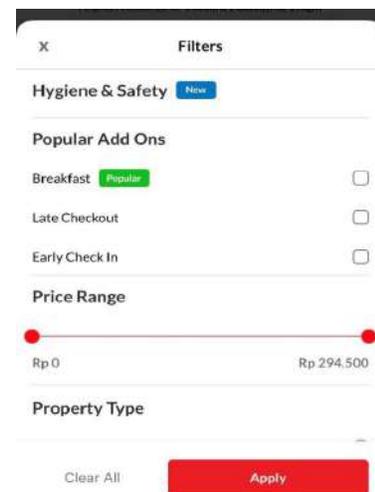


Figure 1. Order Reddoorz online

However, with the cheap or affordable prices offered by Reddoorz, it is in line with the satisfaction of customers staying at the hotel. According to data from Booking.com (Figure 2) there are variations in reviews from customers who have stayed at Reddoor and also the rating from Reddoorz itself which is 7.1

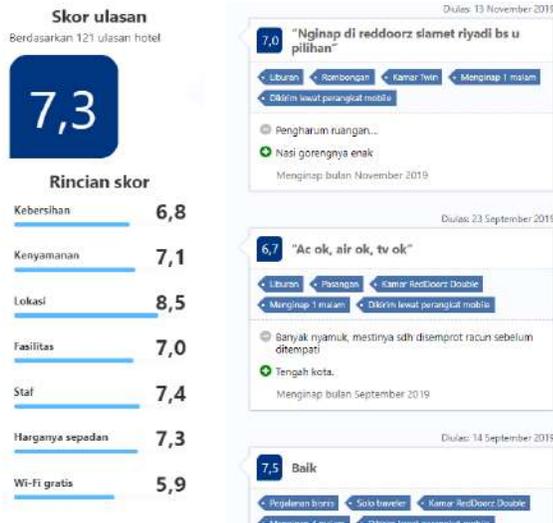


Figure 2. Reddoorz Customer Reviews
Source: (Booking.com)

So based on the analysis of this initial phenomenon, researchers are interested in conducting a study entitled: "Analysis of the influence of price and service on customer satisfaction at RedDoorz Hotel Jakarta"

2. LITERATURE REVIEW

Marketing is the process and management by which individuals or groups obtain what they need and want by making, offering and exchanging valuable products of other entities or any activity related to the delivery of products or services from producers to consumers (Adila et al., 2020)

Marketing Strategy

Marketing strategy according to Kotler and Armstrong (2018) is a marketing logic in which companies hope to create value for customers and can achieve profitable relationships with customers. Marketing strategy is a plan that lays out the company's expectations of the impact of various marketing activities or programs on the demand for products or product lines in certain target markets. Companies can use two or more marketing programs simultaneously, because each type of program such as advertising, sales promotion, personal selling, customer service, or product development has a different effect on demand. Therefore, a mechanism is needed that can coordinate marketing programs so that the programs are in line and synergistically integrated. This mechanism is referred to as a marketing strategy. Generally, the best marketing opportunities are obtained from efforts to expand primary demand, while growth opportunities come from efforts to expand selective demand (Akrou Diallo, 2017). Marketing strategy selection is a complex process, because marketing strategies can be viewed from various angles, such as puzzles, dilemmas, trade-offs, and paradoxes. In the context of the product life cycle, for example, elements of a marketing program need to be adapted for each stage of the PLC including introduction, growth, maturity, and decline. A similar situation applies in the context of a competitive position. Competitive marketing strategies can be designed based on the competitive position of each company

which is analyzed based on 4 main dimensions: structural position, strategic position, market position, and resources position. Consequently, factors such as product goals or objectives, market opportunities, and market success must be carefully considered in the marketing strategy selection process.

Price

According to Kotler and Armstrong (2018) price is a monetary unit or other measure (including other goods and services) that are exchanged in order to obtain ownership rights or use of goods and services so as to lead to consumer satisfaction.

Service quality

According to Kotler and Armstrong (2018) Service quality is the quality of services provided to customers, both internal customers and external customers based on standard service procedures. Then according to American Marketing Association (2012) service quality is the totality of the characteristics of goods and services that show their ability to satisfy customer needs, both visible and hidden. For companies engaged in the service sector, providing quality services to customers is an absolute thing that must be done if the company wants to achieve success. According to the explanation above, it can be concluded that service quality is one of the most important factors in running a business, because good service quality will increase customer satisfaction and the development of a business.

Customer satisfaction

According to Kotler and Armstrong (2018) Customer Satisfaction is a feeling of pleasure or disappointment that arises after comparing the performance (outcome) of the product thought to the expected performance (or result). Meanwhile, according to Dwyer et al. (1987) Satisfaction is the customer's response to the fulfillment of their needs. This means an assessment that a form of privilege of an item or service or the goods/services itself, provides a level of comfort related to the fulfillment of a need, including meeting needs below expectations or meeting needs exceeding customer expectations. It can be concluded from the above definition that customer satisfaction is very important for a business. Because customer satisfaction is a fulfillment of expectations. We can find out whether the customer is satisfied or not with the hotel products or services that have been provided from the experiences felt by guests.

3. METHODOLOGY

Population

Population is "the area of generalization, objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions." (Saunders et al., 2009). Meanwhile, according to Sekaran and Bougie (2016) the population is the whole of the research subject. So the population taken in this study are all consumers who have stayed at RedDoorz.

Sample

Sample is "Part of the number and characteristics possessed by the population." (Saunders et al., 2009). In determining the data to be studied, the sampling technique used is the Purposive Sampling Technique. According to Saunders et al. (2009) "Purposive sampling is a sampling technique with certain considerations." The reason for selecting the sample using purposive sampling is because not all samples have criteria according to what the author has determined. Therefore, the selected sample is deliberately determined based on certain predetermined criteria to get a representative sample. The criteria used as samples in this study are RedDoorz customers who have stayed and experienced services at RedDoorz at least three times a year.

Multiple Regression

Multiple linear regression analysis is a development of simple linear regression analysis where there is more than one independent variable X. The term multiple regressions can also be referred to as multiple regression. The word multiple means plural or more than one variable. This analysis is used to see a number of independent variables X1, X2, to Xk to the dependent variable Y based on the value of the independent variables X1, X2, to Xk. The difference between simple regression and multiple regression lies in the number of independent variables. If in simple regression the number of independent variables used to predict the dependent variable is only one, then in multiple regression the number of independent variables used to predict the dependent variable is more than one. In multiple regression, all independent variables are included in the simultaneous regression calculation. Thus, a regression equation is obtained to predict the dependent variable by simultaneously entering a series of independent variables. In the regression equation, constants and regression coefficients are generated for each independent variable. So it can be said multiple regression if the independent variable is more than one. Multiple regression is different from multivariate regression. Multivariate regression is a regression if the dependent variable is more than one.

4. RESULT AND DISCUSSION

The research method uses the calculation of the IBM Statistic 23 or SPSS output with a significance level of 5% (0.05). The method used is the validity test and reliability test on the three variables, namely Service Quality, Price and Customer Satisfaction. Then the classical assumption test and multiple regression test were also carried out. Regression Test is a mathematical model that aims to determine the pattern of relationships that exist between two or more variables, regression analysis is a model development (equation) that explains the relationship between variables.

Coefficient of Determination

Based on the results of SPSS output obtained R² of 0.009 which means 9% of the independent variable can explain the variation of the dependent variable, the remaining 81% is explained by other variables.

Significance Test

H0: There is no significant effect between Service Quality, and Price on customer satisfaction

Ha: There is a significant effect between Service Quality, and Price on customer satisfaction

Decision Making Basis

Sig --> H0 Accepted

Sig < --> H0 Rejected

F. Calculate F. Table --> H0 Accepted

F. Count > F. Table --> H0 Rejected

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.809	2	.905	.414	.663 ^b
	Residual	190.305	87	2.187		
	Total	192.114	89			

0.663 > 0.05 --> H0 Accepted

0.414 < 3.10 --> H0 Accepted

Based on the results of the SPSS output, the calculated F is 0.414 which is smaller than the F. table of 3.10. this is supported by a sig value of 0.663 which is greater than alpha 0.05, therefore it can be concluded that there is no significant effect between service quality and price on customer satisfaction.

Regression Equation

$$y = a + bX_1 + bX_2$$

y: Customer Satisfaction

X1: Service Quality

X2: Price

$$y = 15.710 - 0.052 X_1 + 0.067 X_2$$

If X1 Service Quality and Material Price X2 increase by 1 point, then Y Brand Image will increase by 15.78 points. If X1 Service Quality and Material Price X2 increase by 1 point, then Y Brand Image will increase by 15.78 points. If X1 Technology and X2 Material Quality are equal to 0 then Y Brand Image is 15,710 points

5. CONCLUSIONS

Based on the results of research data analysis, data processing and hypothesis testing from the research above, we can draw conclusions from the research entitled "The Effect of Service Quality and Price on Customer Satisfaction at Reddoorz Hotel Jakarta". Then the conclusion is an assessment of whether the tested hypothesis is accepted or rejected. The decision taken is accepted, that actually according to the research above, Service Quality and Price do not affect Visitor Satisfaction with a percentage value that tends to be small in its role using validity tests and simple regression along with classical assumption tests.

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