



# PROCEEDINGS

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The Influence of Service Quality, Promotion and Customer Value towards Customer Satisfaction and its Effect on Customer Loyalty in Tourism Industry

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**ABSTRACT**

Tourism industry has grown rapidly in Indonesia. It becomes one of most important industry to support Indonesia sustainable economy. Marketing plays a crucial role in making the tourism industry attain its objective. However, identification of the key success factors in tourism industry has to be determined.

The purpose of this research is to analyses the influences of Service Quality, Promotion and Customer Value towards Customer Satisfaction and its effects on Customer Loyalty in tourism industry. The research took place in the Old Jakarta tourism area.

The samples of this research are 400 Sample of domestic tourists. Data collection was conducted using non probability sampling in form of accidental sampling method. Structural Equation Modeling (SEM) was used and run by a LISREL for data processing. The results of the analysis showed that Service Quality, Promotion and Customer Value have positive influence and significant toward Customer Satisfaction. Likewise, Service Quality, Promotion and Customer Value have positive and significant influence toward Customer Loyalty directly and indirectly through mediating of Customer Satisfaction. Further, Customer Satisfaction has positive influence and significant toward Customer Loyalty.

This empirical result indicated that in order to increase Customer Satisfaction and Customer Loyalty in tourism industry should focus on factors such as: Service Quality, Promotion and Customer Value, with Service Quality rank as the most important aspect. Theoretical implications and suggestions for future research in tourism industry have been elaborated at the end of this study.

Keywords: *Tourism Industry, Service Quality, Promotion, Customer Value, Customer Satisfaction, and Customer Loyalty.*

**1. Introduction**

It has ben realized that the development of globalized era has an implication in the business world not only doing business in multi countries, but also keep balance between global quality and local specific need. Global business is not only in the trading of manufacture industry, but also in the service industry, including tourism. Tourism service industry has grown up becoming one of the biggest industries in the world and one of the fastest economic sectors in the world. Tourism is a strategic industry, its drive the creation of job, income, and it can preserve the historical values heritage as well culture (Martaleni, 2011). The success of tourism development involves a systematic planning involving all value chain of related parties in business and related organizations in tourism, either government, privates and investors (Istanto, 2013).

Uzama (2009) argued that tourism industry development cannot be separated from marketing mix strategy. It is believed that marketing mix strategy is able to increase the level of tourism visit if it is executed properly. The development of tourism industry will create relationship, technology exchange, additional information and other aspects which can contribute to the financial and non financial effect at the destination country. According to the World Tourism Organization (WTO) in Yasin *et al.* (2003) it is expected at 2020 global tourism industry grows with the average 6% per annum. The expectation is based on WTO own data that since 2000 number of international tourism visit grows above 7%. Asia Pacific countries have been driver of the international tourism which attract 185 million tourist visit, where Japan reach +14% tourists, Malaysia (+20%), Cambodia (+19%), Vietnam (+16%), Indonesia (+15%), India (+13%), China (+10%).

Indonesia is a multi culture country which appreciates pluralism as cultural diversity of wealth. Cultural diversity through long history country event has to be appreciated by the society and acknowledged as nation identity. All of the history heritages are collected in museum. Museum and historical places have strategic function in the field of history and culture. It shows part of phase of the history and culture, so that society can see them directly its representation. Museum and historical places can provide information about life aspect in the past that can be saved and become an important part in tourism industry. As representation of historical wealth and nation culture, it is understood that museum can be in interesting place to visit. Museum and historical places visit as an alternative activity to utilize holiday time and to increase knowledge. Unfortunately the role of museum in the Indonesia society is still less important. Therefore, one effort to attract museum visit is to increase level of service quality. Kotler and Keller (2012) argued that service is producers act to fulfill consumer needs and wants in order to reach consumer satisfaction. From marketing perspectives it is most likely that museum in Indonesia has not utilized marketing concept as Susatyo (2009) argued that the lack of promotion is a challenge. In another perspective, Tjiptono (2007) stated that museum lack of customer value factor. Customer value is emotional bonding between customer and producer after customer use the products or services and found that they provide added value.

Table 1.1 Number of Foreign Tourists Visiting Indonesia and DKI Jakarta (2010 -2014)

Year	DKI Jakarta	Indonesia
2010	1.892.866	7.002.944
2011	2.003.944	7.649.731
2012	2.125.513	8.044.462
2013	2.313.742	8.802.129
2014	2.319.295	9.435.411

Source : *Badan Pusat Statistik (BPS) 2010 – 2014*

*Badan Pusat Statistik* data (210-214) showed the growing of foreign tourist visit to Indonesia especially Jakarta has been increasing from year to year. Foreign tourists during 2010 were 7.002.944 visitors up to 9.435.411 visitors in 2014. In Jakarta has also been increasing foreign tourist trend. There were 1.892.866 foreign visitors in 2010 and in 2014 number of visitors increased to 2.319.295 visitors.

This increasing trend is due to Indonesia tourism, especially Jakarta continuously increasing the level of service quality and increasing promotion effort globally with the aim that number of foreign tourist to Indonesia, especially Jakarta increasing. This will certainly add the revenue of foreign exchange. Especially there are many tourism objects in Jakarta which are attractive, such as: Taman Impian Jaya Ancol (Ancol dream land), Taman Mini Indonesia Indah (Indonesia miniature park), Kebun Binatang Ragunan (Ragunan zoo), Monumen Nasional (National monument), Masjid Istiqlal (Istiqlal mosque), Kawasan kota Tua (Old Jakarta area), Museum Gajah (elephant museum), Gedung Balai Kota DKI Jakarta (Municipal city building), Pelabuhan Sunda Kelapa (Sunda Kelapa Port), Museum Satria Mandala (Satria Mandala Museum), etc.. All of the tourism objects in Jakarta mostly are cultural and historical valuable sites.

*Research Objectives are as follows:*

1. To analysis the influence of service quality, promotion and customer value on tourist satisfaction visiting the old Jakarta area.
2. To analysis the influence of service quality, promotion and customer value on tourist loyalty visiting the old Jakarta area.
3. To analysis the influence of tourist satisfaction on tourist loyalty visiting the old Jakarta area.

## 2. Theoretical Framework

### 2.1. Tourism Marketing

*Tourism marketing is a growing field in the area of marketing. Tourism is dynamic activities affecting products, services, people, processes and environments. Certainly it affects economic, including global conomic as a whole. Tourism industry has been emerging and growing. It is now part of the global life style. Countries are now marketing themselves to attract visitors domestically and internationally. Therefore countries are competing to provide its best for the visitors.*

According to Kotler and Keller (2012) marketing is to identify and satisfy human and social needs. One good and a brief definition of marketing are fulfilling the needs in a profitable way, profitable for producers and for consumers. It relates to some things that are marketed among other goods, services, events, experiences, places, property (property rights), organization, information, and ideas. Another goal of marketing is as a step to retain existing customers. Maintaining customer does look easy, however it's better than looking for new customers as it greater levels greater cost anyway. Like any other products tourism need to be well marketed.

The tourism sector is one of the largest and fastest growing sectors of the global economy. The term Tourism refers to the phenomena and relationships arising from the travel and stay of people away from their normal home environments for a variety of purposes, as referred to WTO (2004). "the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

### 2.2. Service Quality

Quality is a dynamic condition affecting the products, services, people, processes and environments to meet or above expectations. So the quality of service can be defined as an effort to meet consumer needs and wants and fitness in delivery to meet consumer expectations (Tjiptono and Chandra, 2016). Service quality can be determined by comparing the consumer's perception of a clear service they receive with the actual service they expect to attribute the company's service. If the services received or perceived as expected, then the quality of service is perceived good and satisfactory, if the services received exceed customer expectations, perceived service quality is superb. Conversely, if the service received is lower than expected, then it is perceived as poor quality of service. To that end the company's service activities should be oriented on customer satisfaction.

Kotler and Keller (2012) defined service as any action or activity that can be offered by one party to another, which is essentially intangible and does not result in any ownership. Production may be linked or not linked to a physical product. Service is a producer behavior in order to meet consumer needs and desires in order to achieve customer satisfaction in itself. Kotler also said that the behavior can occur during, before and after the transaction.

According to Parasuraman (1988) Service Quality (SERVQUAL) is divided into five dimensions of SERVQUAL which are: 1. Tangibles (physical evidence) the ability of a company to demonstrate its existence to external parties. Appearance and abilities of physical infrastructure companies and the state of the surrounding environment is tangible proof of the services provided by the service provider which includes the physical facilities (buildings, warehouses, etc.), equipment and tools used (technology), as well as the appearance of employees. 2. Reliability, this is the company's ability to provide services as promised are accurate and reliable. Performance should be in accordance with customer expectations, which means the timeliness, the same service to all customers without error, sympathetic attitude, and with high accuracy. 3. Responsiveness, which is the willingness to help and provide fast service (responsive) and right to the customer, with the delivery of clear information. 4. Assurance (guarantees and certainty) that knowledge, politeness, and the ability of the company's employees to gain confidence of the customers to the company. Consists of several components, among others, communication, credibility, security, competence and courtesy. 5. Emphaty that provides genuine concern and naturally private individual or given to customers.

Marketers (including in tourism industry) are expected to have an understanding and knowledge of the customer, understanding customers' specific needs, as well as having-time for the operation is convenient for the customer. The existence-of quality of service remains in view as one of the important factors in the growing willingness of the customer to re-use the services or the products and recommend the experience to others. It then follows that the quality of service will have a positive impact on customer loyalty (Lyon and Powers, 2004).

### 2.3. Promotion

Promotion is one important part of a series of marketing activities. Promotion basically is a communication activity in the field of marketing which is carried by the company to the consumers or prospective customers. According Tjiptono (2007), in essence, the promotion campaign is a form of marketing communication. As is the marketing communication is the marketing activities that tries to spread information, influence / persuade, and / or remind the target market for the company and its products to be willing to accept, purchase, and loyal to the products offered by the company concerned.

Promotion is spearheading business activities of a product or service in reaching target markets in selling products or services. It is certain that the sale is made to a product in the form of goods and services and both branded and non-branded. According to Stanton (in Sunyoto, 2014) that the promotion is an empowering element in the marketing mix of a company to inform, persuade, and remind about the products or services offered. Promotion mix is a combination of face to face sales (personal selling), advertising, sales promotion, publicity and public relations help meet the goals of the company (Kotler and Armstrong, 2004) added with direct marketing. If the buyer are tried to approach by the personal selling, advertising seeks to inform and influence customers, sales promotion seeks to encourage buying, public relations to make effort for image building of the institutions, direct marketing then compresses all of these activities in direct sales without intermediaries. In direct marketing, promotional communications addressed directly to consumers concerned, either by phone, mail, TV or by coming directly to the marketer

Further, Kotler and Armstrong (2004), argued there are (five) steps in developing the effectiveness of marketing communications, namely: a) identifying the target audience, b) determine the purpose of the communication, c) designing a message, d) selecting a communication channel, e) set the total marketing budget. Promotional function in tourism marketing strategy in general is to stimulate transactions (Payangan, 2014). Although in general forms of promotion have the same functionality, but these forms can be distinguished by particular tasks.

#### 2.4. Customer Value

Zeithaml in Tjiptono (2007) stated that the customer value is a consumer overall assessment of the utility of a product based on his perceptions of what is acceptable and what is given. Goostain in Tjiptono (2007) defines customer value is the emotional bond that exists between customers and manufacturers as customers use the products or services of the company and found that the product or service adds value. Broadly speaking, that customer value is the ratio between the perceived benefits customers of a product or service with which it does sacrifice to obtain and use these products.

According to Sweeney et al in Tjiptono (2007) there are four dimensions of customer values, which are: 1. Emotional value. Utility that comes from positive feeling or emotions that caused from consuming the product or service. 2. Social value. Utilities in the form of product's ability designed to improve consumer self-concept in social context. 3. Quality / performance value. Utilities that are obtained from the perception of the performance expected from a product or service. 5. Value of money. Utilities obtained in the product due to a reduction in cost of short-term and long-term costs.

#### 2.5. Customer Satisfaction

*The difference of customer satisfaction with the quality of service, where satisfaction is a specific evaluation of the transaction service providers, while the perception of the quality of services associated with a general assessment of the superiority of service providers. Although there are variety of definitions from experts on customer satisfaction, but basically the level of satisfaction is a comparison between customer expectations and the value of the product or service the customer.* Kotler and Armstrong (2004) definition of satisfaction is "feeling happy or disappointed someone who emerged after comparing the performance (yield) of products thought to the performance (results) expected if the performance below expectations, then the customer is not satisfied".

According Mowes and Minor (2002) in Yuniarti (2015) that the customer satisfaction is an overall attitude in show customers for goods and services after they obtain and use. This is an evaluative judgments post-election caused by the selection of special purchase and experience to use or consume goods or services.

Meanwhile, Kotler (2000) in Yuniarti (2015) states the characteristics of consumers who are satisfied including the following: a. Loyal to the product or services, ie: repurchase from the same manufacturer, b. Communication by word of mouth that is positive in the form of recommendations to prospective customers and say good things about the products or services in consumption, c. The Company became the primary consideration when to buy another brand, the company that gave him satisfaction will be a major consideration.

Fornell (1992) stated there are three important aspects that need to be observed in order to measure customer satisfaction, among which: 1. General or overall satisfaction (Overall Satisfaction). 2. Confirmation of hope (Confirmation of Expectations) is the degree of correspondence between expectations with perceptions. 3. Comparison with the ideal situation (Comparison to ideal) which is the performance of the product compared with ideal products according to consumer perceptions.

#### 2.6. Loyalty

Customer loyalty is due to customer satisfaction that exceeds expectations and customers can feel the confidence that it can be sustained. Rizan et al (2012) defines that customer loyalty is the loyalty attitude of customers towards a brand for their consumption. Further, Customer loyalty to a brand has several levels that are different challenges for marketers to manage and to exploit.

The most basic level is the customer loyalty is not entirely loyal to the brand, any brand is considered adequate. Thus the brand plays a minor role in customer satisfaction. Level two is the customer is satisfied with the product, or at least not being unsatisfied. Basically, there are no dissatisfaction dimensions sufficient to stimulate a shift in brand especially if the transition takes effort. Customer of this type is called habit. The third level is the people who are satisfied. But they carry the switching cost that is the cost in time, money or performance risks associated with the action switching brands. To attract customers, competitors need to overcome the switching cost to persuade to switch or to offer a considerable benefit as compensation. This group is called the consumer loyal to the transitional costs. On the fourth level is found customers who truly love the brand. Their preferences may be grounded in an association as a symbol, or a series of experiences in using high quality impression. The fourth level segment is referred to as Friends of the Brand because there are emotional feelings related. The top level is a loyal customer. They have a pride in finding or become a user of the brand. The brand is very important to them in terms of function as well as an expression of who they really are.

According to Kotler and Keller (2006) customer loyalty can be measured by: 1. Repeat Purchase, which is the willingness of customers to buy the product services on offer. 2. Retention which is customer resistance to the negative influence on the company. 3. Referrals which is the willingness of customers to buy other product lines offered by the company. From the opinion of experts on measuring the dimensions of customer loyalty there is a difference, but when referring to definition that indicators to

measure customer loyalty, namely: a. Makes purchases on a regular basis, b. Recommends others to buy, c. Immunity against the pull of the competitors Characteristics of loyal customers. According to Griffin (2005) among others are: a. Making purchases on a regular basis, b. Buying outside line of products or services, c. Shows immune from the pull of competition is not affected by the pull of competition of other similar products. d. Rejecting another product. Recommend to others.

### 3. Methodology

#### 3.1. Sample and Population

Sampling method used is non probability sampling, a sampling technique that does not give equal opportunity for each element or member of the population to be selected into the sample (Sugiyono, 2011). This means selecting a sample selected by the researchers based on specific criteria (Sujarweni and Endratanto, 2011). The criteria / characteristics are: a. Travelers who fill in questionnaires is ever tour to the Old City more than once. b. Respondents are adults minimum high school students or higher.

The technique used in this method is incidental sampling is taking respondents in the sample by coincidence so anyone who incidentally met with surveyors can be used as a sample when a person to be found suitable as a data source (Sugiyono, 2011). The sampling used Slovin formula with a confidence level of 95% with a 5% error rate. Based on the Slovin formula the sample used in this research is about 400 samples of the visitors of the Old City Tourism object.

#### 3.2. Type and Source of Data

In this study used descriptive analysis using primary and secondary data. Primary data is obtained from respondents who answer a questionnaire. Secondary data is other data obtained from the study of literature or derived from the Old City recording, files and publication.

#### 3.3. Data Collection Method

To obtain information in accordance with the purpose of research, data collection is done as follows: a. Questionnaire. The data collection is done by delivering questionnaires to selected respondents who meets specific characteristics of sampling. Then return the questionnaire which has been filled using the appropriate liekert scale score. b. literature study. Literature study was done to obtain secondary data obtained through various literatures such as books, journal literature, BPS, internet and other sources of data.

#### 3.4. Data Analysis Technique

Respondents' perceptions are measured using liekert scale. Then the data is given a score that can be processed with statistical methods and analyzed quantitatively. Researchers chose a technical analysis of the data and adjusted for the purposes of research and for proving the hypothesis using SEM analysis through LISREL. Santoso (2007) states that SEM is a technique that combines multivariate analysis of factors and regression analysis (correlation) with the aim to examine the relationships between variables that have a good model of the inter-indicator with its construt or relationships between constructs.

Tabel 3.1 Test of Goodness of Fit Model on SEM

Goodness of fit	Cut of
Chi square	Expected small
p-value	>0,05
RMR	<0,05
RMSEA	≤0,08
GFI	≥0,90
AGFI	≥0,90
NFI	≥0,90

#### 3.5. Choosing input Matrix for data analysis

At first structural equation model formulated by using the input matrix of variance / covariance, that is known as covariance structural analysis. To assist in processing the data is used Lisrel program. Therefore the raw data input will be converted beforehand into an input matrix of variance / covariance by a Lisrel 8.80.

### 4. Analysis and discussion

The research has been done to the 400 respondents, the domestic tourist visitors in the Old City from the date of 1-7 June 2016. The respondents are 215 male and 185 female or 54% male versus 46% female. For age categories respondent's age ≤ 17 years are 50 respondents (12%). Aged 18-25 years are 125 respondents (31%). Respondents aged 26-35 year are 182 respondents (46%). And for respondents aged 36-45 years are 43 respondents with a percentage rate of 11%. No respondents above ≥ 46 Years.

For the category of marital status, the number of respondents who are married (56%) more than the unmarried (44%). For the category of work, respondents who worked as Student of 130 respondents with a percentage rate of 33%, of the respondents who work as civil servants / military / police amounted to 57 respondents with a percentage rate of 14%, respondents who work as private employees amounted to 167 respondents (42%). For respondents who worked as an entrepreneur are 13 respondents (3%), respondents who worked as a housewife of 25 respondents (6%), and respondents who work other than those mentioned above or others which amounted to 8 respondents (2%). For the category of domicile, the number of respondents who live in the Greater Jakarta are 347 respondents (87%), while those coming from outside Greater area are 53 respondents (13%).

#### 4.1. Data Processing

##### 4.1.1 Confirmatory Factor Analysis Measurement Model Evaluation

CFA (Confirmatory Factor Analysis Model) is useful to confirm the measurement of theory in which researchers first define latent variables or variable factors involved in the research and specifying causal relationship models between factors in the observed variables with the support of the theory.

Indicators that have factor < 0,50 were deleted because it is not valid. Standardized loading factor that is valid according to Sofyan (2014) if > 0,50. So based on the results of the path diagram above, it is known that an invalid indicator among others SQ 1\_3 (0.11), SQ 3\_1 (-0.12) and CV 1\_3 (-0.11).

Then analysis the data returned by eliminating the indicators that are not valid. The results of Completely Standardized Solution data that has been valid and has a loading factor above > 0,50 with a total indicator is composed of 30 indicators.

Based on the results of the evaluation of the the above structural model, below is SEM equation:

A. SEM Equation 1 (The influence of Service Quality, Promotion, dan Customer Value on Customer Satisfaction).

SATISFACTION = 0.40*SERVICE QUAL + 0.34*PROMOTION + 0.38*CUSVALUE, Errorvar. = 0.50, R <sup>2</sup> = 0.50				
(0.059)		(0.058)		(0.060)
6.81	5.87		6.32	5.42

1. Hypohesis of Service Quality Effect on Satisfaction:

In the table above shows the value of t stat. = 6.81 > 1.96 so that H0 is rejected, which means that the Service Quality variable has significant positive effect on the Customer Satisfaction variable.

2. Hypohesis of Promotion Effect on Satisfaction

In the table above shows the value of t stat. = 5.87 > 1.96 so that H0 is rejected, which means that the Promotions variable has positive and significant effect on the Customer Satisfaction variable.

3. Hypohesis of Customer Value effect on Satisfaction

In the table above shows the value of t stat. = 6.32 > 1.96 so that H0 is rejected, which means that the Customer Value variable has positive and significant effect on the Customer Satisfaction variable.

B. SEM Equation 2 (The Influence of Customer satisfaction, Service quality, Promotion and Customer Value on Customer Loyalty).

LOYALTY = 0.28*SATISFACTION + 0.35*SERVICE QUALITY + 0.28*PROMOTION + 0.18*CUSVALUE, Error var. = 0.44, R <sup>2</sup> = 0.56					
(0.094)		(0.064)		(0.061)	(0.064)
2.94		5.52	4.54	2.90	6.00

1. Hypohesis of Service Quality Effect on Loyalty:

In the table above shows the value of t stat. = 5.52 > 1.96 so that H0 is rejected; which means that the Services Quality variable has positive and significant effect on the Customer Loyalty variable.

2. Hypohesis of the Effect of Promotion on Loyalty:

In the table above shows the value of t stat. = 4.54 > 1.96 so that H0 is rejected, which means that the variable Promotions positive and significant effect on the Customer Loyalty variable.

3. Hypohesis of the Effect of Customer Value on Loyalty:

In the table above shows the value of t stat. = 2.90 > 1.96 so that H0 is rejected, which means that the Customer Value variable has positive and significant effect on the variable of Customer Loyalty variable.

4. Hypohesis of Customer Satisfaction Effect on Loyalty:

In the table above shows the value of t stat. = 2.94 > 1.96 so that H0 is rejected, which means that the Customer Satisfaction variable has significant and positive effect on Customer Loyalty variable.

4.1.2 Goodness of Fit Statistics

Goodness of Fit or CFA suitability test is used to test whether the model he specified in the CFA stage is a causal relationship between any latent variables with the indicator that can be received.

Tabel 4.1 Goodness of Fit Statistics

GoF	Fitness Target	Result	Remarks
RMSEA	≤ 0,05	0,034	Good Fit
NFI	≥ 0,90	0,96	Good Fit
NNFI	≥ 0,90	0,99	Good Fit
CFI	≥ 0,90	0,99	Good Fit
IFI	≥ 0,90	0,99	Good Fit
RFI	≥ 0,90	0,96	Good Fit
GFI	≥ 0,90	0,91	Good Fit
AGFI	0,80 ≤ AGFI ≤ 0,90	0,90	Good Fit

Based on the above measurement results GoF or CFA of the model in this study indicates the level of compatibility that can be accepted (Good Fit). RMSEA value is 0.034, which means according to their suitability targets ( $\leq 0.05$ ) and showed satisfactory values match (Good Fit). GoF size of NFI value as well NNFI are satisfaction match, CFI, IFI, RFI, and GFI above 0.90, as well as the recorded value of 0.90 AGFI are Good Fit.

4.1.3 Total and Indirect Effect

a. Total Effects of KSI on ETA

		SERVE	PROMO	CUSVALUE
SATISFACT	0.40	0.34	0.38	
		(0.06)	(0.06)	(0.06)
		6.81	5.87	6.32
LOYALITA	0.46	0.37	0.29	
		(0.06)	(0.05)	(0.05)
		8.36	6.88	5.40

b. Indirect Effects of KSI on ETA

		SERVICE	PROMO	CUSVALUE
SATISFACT	--	--	--	--
LOYALITY	0.11	0.09	0.10	
		(0.04)	(0.03)	(0.04)
		2.78	2.72	2.75

c. Total Effects of ETA on ETA

		SATISFACTION	LOYALITY
SATISFACT	--	--	--
LOYALITY	0.28	--	--
		(0.09)	
		2.94	

The total value of the Effects of ETA on ETA shows the total effect of ETA (Satisfaction) against ETA (Loyalty) is 0.28. To see the significant value of the indirect effect (mediation test) indicator of Services Quality to Customer Loyalty through Customer Satisfaction can be seen from the Indirect effects output of MSG on ETA that has a path coefficient of 0.11 with a t statistic of 2.78 > 1.96 (significant). This shows that the Customer Satisfaction significantly mediating the influence of Service Quality indicators on Customer Loyalty.

To see the significant value of the indirect effect (mediation test) indicator of Promotion on Customer Loyalty through Customer Satisfaction can be seen from the output Indirect effects of MSG on ETA that has a path coefficient of 0.09 with a t statistic of 2.72 > 1.96 (significant). This shows that Customer Satisfaction indicators significantly mediate the influence of Promotions on Customer Loyalty. To see the significant value of the indirect effect (mediation test) indicator of Customer Value on Customer Loyalty through Customer Satisfaction can be seen from the Indirect effects output of MSG on ETA that has a path coefficient of 0.10 with a t statistic of 2.75 > 1.96 (significant). This shows that Customer Satisfaction significantly mediates the influence of Customer Value indicators on Customer Loyalty.

4.1.3 Reallibility Test

Reliability testing is a measure of stability and consistency of the respondents in answering the questionnaire.

Table 4.3 Cronbach Alpha Value on Each Indicator

Indicator	Construct Reliability
Service Quality	0,926
Promotion	0,877
Customer Value	0,832
Satisfaction	0,699
Loyalty	0,753

Based on the results of reliability test against each indicator, it is known that each indicator has a Cronbach Alpha value is greater than 0.60, which means good reliable (Hair et al in Wijanto (2015)). So it can be said that the respondents are consistent in answering the questionnaire.

## 4.2 Discussion

### 4.2.1. Effect of Service Quality, Promotion and Customer Value on Customer Satisfaction

Based on the results of this study it is found that the Services Quality variable significantly and positively effect the Customer Satisfaction variable. It is concluded that the higher the service, the higher the satisfaction. These results are consistent with Normasari (2013) that Service Quality has significant direct influence on Customer Satisfaction. The Service Quality showed by the good infrastructure/ facilities of the Old City among other things are free of hawkers, beggars and the availability of other facilities such as bicycle service and free wifi internet access, so visitors were satisfied with the services provided in the old city.

Promotion variable also has a positive and significant impact on Customer Satisfaction. Based on the results of previous studies by Mardiyani and Murwatingsih (2015) proved the direct effect of promotion on Customer Satisfaction and it is seen from the aspect of advertising in the brochure has a wider range, interesting travel ads in pamphlet and advertising through social media are more convincing. Meanwhile, in the heart of Old City Tourism promotes the cultural heritage of the Old City area by following every event that is held either by the government or privates as well as working for the Ministry of Tourism in promoting the Old City. In addition, Old City Tourism area has a nautical princess Jakarta Abang and None were always promoting the cultural heritage of the Old City to the community and Old City Tourism area often hold a puppet show once every 3 months in the ceramics museum. Old City Tourism area also has a website in promoting cultural heritage of the Old City. Increasing number of promotions will be undertaken by the Heritage Region of Old City Tourism. It attracts more and more people who know and come to the Old City which make tourists satisfied because more and more to know about the cultural heritage in the Old City area.

Customer Value Variable also has a positive and significant impact on Customer Satisfaction. This is in line with previous research by Hijjah and Ardiansari (2015) that the Customer Value variable has a significant effect on Customer Satisfaction. In the Old City tourism tourists feel very enthusiastic and get full information about the history in the Old City area so that tourists feel satisfied in visiting to the Old City area.

### 4.2.2 The Effect of Service Quality, Promotion dan Customer Value on Tourist Loyalty

Based on the survey results revealed that the Services Quality variable has significant and positive effect on Customer Loyalty rating directly and indirectly through mediating of Customer Satisfaction. The higher the Service Quality, the higher the Customer Loyalty rating. These results are consistent with research by Sawitri (2013) that Service Quality has a positive and significant impact on Customer Loyalty. This means more and better quality of services provided will increase visitor loyalty. In the Old City area, the creation of Old City clean and safe environment neighborhood as well as free Internet facilities make loyal travelers to come back.

On Promotion variables also have a positive and significant impact on Customer (Visitor) Loyalty directly and indirectly through mediating of Customer Satisfaction. Based on the results of previous studies by Sugiarto (2015) proved that the direct effect of promotion on loyalty to the idea of the creation of a media campaign can increase visitor loyalty of Tourism. The tourism of the Old City area is the only a few of cultural heritage. This makes the Old City has a high historical value as cultural heritage. Promotion programs like using the maritime princes, Jakarta *abang and none* in promoting the tour of the Old City can be continued as well as the special website about the old town make loyal visitors want to come back to the Old City area.

Customer Value Variable also has a positive and significant impact on loyalty directly and indirectly through mediating of Customer Satisfaction. This is in line with previous research by Hijjah and Ardiansari (2015) states that the Customer Value variable has a significant effect on loyalty. In the Old City tourism object tourists feel very safe and comfortable and get full information about the history in the Old City area so travelers want to recommend to their closest people to visit the Old City area.

### 4.2.3 The Effect of Tourist Satisfaction on Tourist Loyalty

Satisfaction variable also have a positive and significant impact on loyalty. It indicated there is a direct influence of satisfaction on loyalty rating. Travel in Old City indicated travelers/visitors satisfied with the services provided and might exceeds expectations. Therefore, with the satisfaction received by travelers, tourists will be loyal and predicted to come back to the Old City, at least say positively about the place and recommend others to come.

## 5. Conclusion and suggestion

### 5.1. Conclusion

Based on data analysis it can be concluded that:

- Service Quality, Promotion and Customer Value variables positively and significantly influenced visitor satisfaction. The most significant and influential variable to visitor satisfaction is Service Quality.
- Service Quality, Promotion and Customer Value variables have direct and indirect effect and significantly influenced Visitor Loyalty. The most significant and influential variable to visitor loyalty is Service Quality.
- Visitor satisfaction significantly and positively have direct influenced on Visitor Loyalty.

Lesson learnt from research finding is that service quality plays an important role in keeping visitor satisfaction and loyalty.

### 5.2. Suggestions

From the conclusions of this study we know that the quality of service has very significant effect on satisfaction and loyalty rating in the visit. Therefore, it is suggested to prioritize the improvement of the quality of the services sector as a priority in the development of tourism areas of Old City. For promotion enhancement and customer value can follow after the service quality has



been increased its value. So that the research is expected to provide input and guidance for the development of Cultural Property in the old city area in an effort to increase quality of services, promotion and customer value, so that travelers are becoming more satisfied and loyal to visit of the Old City area heritage.

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