



## The Effect of Price, Company Image on Customer Satisfaction and Its Implications on Customer Loyalty at The Heritage Hotel Salak Bogor

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### ABSTRACT

*This study aims to determine the effect of price and corporate image to the satisfaction and its implications for customer loyalty Hotel Salak The Heritage Bogor. The population in this study is the customer pest management, while the sample in this study was 112 respondents using purposive sampling technique. To answer the research problem and research hypothesis testing then used path analysis techniques. Managerial implications of this research is customer trust Hotel Salak The Heritage Bogor. The method of research used in this research is descriptive analysis method with a population of about 155 customers. The data analysis technique used is the technique Correlation Analysis to determine the degree of closeness of the relationship between variables. With research and Path Analysis techniques in order to determine how much influence either directly or indirectly. In oprasionalisasinya used help software SPSS 22. The results showed that the price is in the category Pretty good, Service Performance in the category quite well, the satisfaction is in the good category and loyalty in the category quite well. The results showed that 1) the price effect on satisfaction 2) corporate image influence on satisfaction, 3) the satisfaction effect on loyalty, 4) The price does not affect the customer loyalty, 5) the company's image does not affect the loyalty and 6) Overall, satisfaction is the only constructs that can affect customers. The direct effect of 0379 price to satisfaction. The indirect effect through imagery price of 0.149. The direct effect on satisfaction image for 0092 and does not directly influence the image through a price of 0.149 so that the total effect of 0771. The direct effect of satisfaction on loyalty of 0,816 .. The results show determination coefficient of 77.1% and 22.9%  $R^2$ , and partial variable price more dominant effect of the variable image. Obtained the conclusion that the effect of the price of the highest impact. Satisfaction showing determination coefficient of 81.6% and 18.4%  $R^2$ , from satisfaction to loyalty variable. The test results showed determination coefficient of 77.1% and 22.9%  $R^2$ , and partial variable price more dominant effect of the variable image. Obtained the conclusion that the effect of the price of the highest impact. Satisfaction showing determination coefficient of 81.6% and 18.4%  $R^2$ , from satisfaction to loyalty variable. The test results showed determination coefficient of 77.1% and 22.9%  $R^2$ , and partial variable price more dominant effect of the variable image. Obtained the conclusion that the effect of the price of the highest impact. Satisfaction showing determination coefficient of 81.6% and 18.4%  $R^2$ , from satisfaction to loyalty variable.*

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### 1. Introduction

Indonesia is not only the rapid competition caused by globalization, but more because customers are increasingly savvy, price conscious, and demanding. Advances in communications technology also contributed to increase the intensity of competition, because the Giver customers access more information





about a wide range of products offered. The condition causes the customers have more choice in using their money. Various international organizations including the UN, the World Bank and the World Tourism Organization (WTO), has acknowledged that tourism is an integral part of human life, especially concerning social and economic activities. Beginning of the activities that previously only enjoyed by a handful of people who are relatively rich in the early 20th century, has now become a part of human rights, as stated by (Naisbitt, John) that "where once the travel was Considered a privilege of the moneyed elite, now it is Considered a basic human right. " This happens not only in developed countries but beginning to be felt also in the developing countries including Indonesia anyway. Various attempts have been made to cultivate the tourism industry of which the procurement of adequate accommodation facilities, ease of travel, the addition and development of tourism areas and seeking other ventures. Efforts to cultivate the tourism industry in Indonesia is supported by Law No. 9 of 1990 which states that: "The existence of attraction in the region will greatly benefit, among others, to be able to increase revenue (PAD), improve people's lives, expanding job opportunities also increase the sense of love for the environment and conserve nature and local culture. " At each stage of national development, tourism is always in trying to appear as a companion export commodities, within the meaning of tourism can count as one of the country's foreign exchange, as where in the mentioned above and no less with other exports. Even the Indonesian tourism is stated to have excellent prospects for the national economy, in view of oil and gas in Indonesia in the estimate will decline in the years to come. Indonesian Government Regulation No. 67 of 1996 on the Implementation of Tourism. Enterprises providing accommodation may be: a. Hotel businesses; venture held by the Limited Liability hotel or hotel business Koperasi. Badan meet the following minimum requirements: Have a professional staff in sufficient quantity and quality; b. Having a permanent office completed with business-supporting facilities.

- a. Minister set the hotel class categories according to the type of accommodation facilities and services provided.
- b. Hotel business entity shall:
  - 1) Provide a means of safety and security facilities;
  - 2) Maintaining the security of the belongings of the hotel guests;
  - 3) Keeping the hotel's image and prevent the violation of decency and public order;
  - 4) Preventing servicing liquor to minors; and

Tourism can not be separated from the place or tourist attraction itself also includes accommodations (hotel, motel or villa) and transportation to the place or the tourist attraction, where the hotel itself within the meaning of the Ministry of Transportation Number: PM-10 / PW-301/Phb- 77 on December 12, 1977 is: "the form of commercially managed accommodation, provided for every person to obtain service following specialty food and drink". Minister for Culture and Tourism No. KM.3 / HK.001 / MKP.02 About Classification Class:

- (1) Every Business Hotel shall have a certificate and meet the requirements of the Standard Business Hotel.
- (2) Hotel businesses referred to in paragraph (1) include:
  - Star; and
  - Hotel nonbintang.
- (3) Star referred to in paragraph (2) a, has categorization of hotels consists of:
  - Star;
  - two-star hotel;
  - three-star hotel;
  - a four-star hotel; and
  - a five-star hotel.
- (4) Hotel nonbintang referred to in paragraph (2) b, do not has a hot class categories.

With the enactment of PAN-RB Ministerial Regulation No. 6 of 2015, Circular Letter of the Minister of Administrative Reform and Bureaucratic Reform No. 11 of 2014 on the restriction of activities Meetings / Meeting outside the office is declared null and void.





Earlier, Minister of PAN-RB now allow holding meetings outside of the office after removing the previous circular letter prohibiting the meetings of civil servants in the hotel. In order to improve the efficient and effectiveness of the personnel in environmental agencies government administrators, Minister of Administrative Reform and Bureaucratic Reform (PAN-RB) yuddy Chrisnandi on 1 April 2015 has already signed the Regulation of the Minister of PAN-RB No. 6 of 2015 on Guidelines for restricted Meetings / Meeting in Out of Office.

Chewing through the Minister of PAN-RB urged all government agencies / local authorities draw up technical guidance as well as standard operating procedures (SOPs) regarding governance activities and procedures for monitoring and evaluating the implementation of a meeting / conference outside the office of effective and efficient

With the very significant effect of these rules that affect the operational management of the hotel especially the issue price and hotel services and even many employees laid off.

Hotels in Bogor registered with the Ministry of Tourism there are currently 28 companies Hotel:

- (1) Hotel \* as much 1
- (2) Hotel \*\* as much 5
- (3) Hotel \*\*\* as much 13
- (4) Hotel \*\*\*\* as much 9

(Source: Department of Culture and Tourism of the city of Bogor).

Tourism own business in Indonesia is very promising because Indonesia has a natural and extraordinary beauty, travel Target coming to Indonesia

Business Tourism itself in Indonesia is very promising because Indonesia has a natural and extraordinary beauty, for the government is targeting 10 million foreign tourists by 2015 as revealed by Tourism Minister Arief Yahya said in a press conference End of the Ministry of Tourism (December 23, 2014), namely, " Total tourist arrivals grew by 10 million, or about 7-8 percent. "

Furthermore, the minister stated, "Achieving the number while the number of foreign tourists visiting Indonesia in 2014 amounted to 9.3 million tourists. The development of foreign tourists visiting the period January to October 2014 as many as 7,755,616 tourists. And attainment of tourists in October 2014 as many as 808 767 tourists with 12:34 percent growth. If the achievement of significant November and December 2014, the target is achieved optimistic end of this year. "(Banten Tourism Promotion in 2015)

Target 2015 the number of domestic tourists amounted to 254 million trips and foreign exchange earnings of 12.05 billion US dollars. He calls, domestic tourism expenditure of Rp 201.5 trillion, and the amount of labor in the tourism field as much as 11.3 million people.

## 2. Literature Review

### 2.1. Management Theory

According to George R. Terry in Afifudin (2013: 5) defines the management is: "A typical process consisting of actions of planning, organizing, and controlling performed to determine and achieve the goals that have been determined through the use of human resources and other resources.

### 2.2. Marketing Theory

For a long time, understanding of marketing is often interpreted with sales and promotions, despite the fact that more comprehensive understanding of marketing and promotional sales activities, even on the contrary sales and promotions are some of the marketing activities.

Marketing Management by Kotler (2007; 7) is the art and science of choosing target markets and getting, keeping and growing customers to create, deliver and communicate the superior customer value.

Meanwhile, according to William J Shultz (1961) in Alma (2007; 130) explains that marketing management is planning, directing and supervising all marketing activities of companies or parts of companies

### 2.3. Price Theory

Price is the monetary unit or other measure (including goods and other services) that are exchanged in order to acquire the right of ownership or use of goods or services (Fandy, 2007: 151). Meanwhile, according to (Basu Swastha and Irawan, 2008: 241) The price is "The amount of money (plus a few items that may be) required to obtain a number of combinations of items and their ministry". Price is the amount





of money charged for a product or service or the number of exchanged value consumers on the benefits for owning or using a product or service. (Kotler & Armstrong, 2008: 204)

## 2.4. Image Theory

The image is a set of beliefs, ideas, and impressions of a person against an object. According to Kotler and Keller (2012: 274),

## 2.5. Satisfaction Theory

Customer satisfaction is expressed as a ratio:  $Z = X / Y$ , where Z is customer satisfaction, X is the quality perceived by the customer, and Y is the customer's needs. Gaspersz (2011: 38-39).

## 2.6. Loyalty Theory

Customer loyalty is a characteristic that has, among others, repeatedly making purchases on the same business entity, purchasing a line of products and services offered by the same entity, tell others about products obtained from enterprises and shows resistance to its offers competitors' bids from business entities Griffin (2005: 31)

## 3. Research Methods

### 3.1. Object of Research

The company called Hotel Salak The Heritage Bogor Bogor 8 Jl.Ir Juanda.

Hotel Salak The Heritage Bogor Bogor 8 Jl.Ir Juanda.

### 3.2. Place and Time of Research

This research was conducted by taking the object of study on the Influence of Price, Corporate Image on Customer Satisfaction and Customer Loyalty implications for Hotel Salak The Heritage Bogor Bogor 8 Jl.Ir Juanda.

### 3.3. Population And Sample

#### a. Population

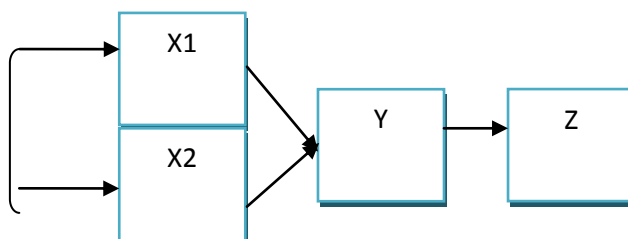
The population is a collection of the sampling unit that includes one or more units of the elements (have now, 2000). Respondents or subjects in this study noted guests Customers Hotel Salak The Heritage Bogor. Total population can be determined. In this case study using guests staying more than two times that happened to be the author encountered and delivery of mail to a Customer Hotel Salak The Heritage Bogor.

#### b. Samples

According Sugiyono (2005) sample is part of the number and characteristics possessed by this population. Ekosusilo (2005) states that Winarno Surakhmad set if the population is similar (homogeneous) and greater than 100, then determined the sample is 50%. While the sampling technique used was simple random sampling (simple random sampling). To determine the number of samples in this study using Slovin method with the following formula:

$$n = \frac{N}{1 + NE^2}$$

Information :  
N = population size  
n = sample size  
e = The value of the desired accuracy. The amount of 5%



Relationships structure X1, X2, on Y with Z





## Information:

X1 : Price

X2 : imagery

Y : Customer satisfaction

Z : Customer loyalty

$\rho_{yx1}$  : Influence Price (X1) to Customer Satisfaction (Y)

$\rho_{yx2}$  : Influence Citra (X2) on the Customer Satisfaction (Y)

$\rho_{ZY}$  : Influence Customer Satisfaction (Y) against Customer Loyalty (Z)

$\epsilon$  : Epsilon is showing residual variables or factors that explain the influence of other variables that have been identified by theory, but was not studied or other variables that have not been identified by theory, or arise as a result of measurement error variables (Kusnendi, 2005)

### c. Validity Test

Validity test is done to meet the standards of suitability and speed measuring devices (instruments) in assessing an object of research. The instrument is said to be valid if it is able to measure what is desired to be measured and appropriately. High and low validity of the instrument indicates the extent to which the data collected does not deviate from the description of the variables in question.

According to Sugiyono, when the correlation of each factor is positive and the magnitude of 0.3 and above, then these factors are a powerful construct (Sugiyono). To measure the validity of each item questionnaire used SPSS software which is a measure of ratings

### d. The Reliability Test

Reliability is the level of confidence in the results of a measurement. Measurements that have high reliability are a measure that can provide reliable measuring results (reliable). Reliability is also known as reliability, keterendahan, constancy, consistency, stability and so on. However, the main idea performance concept of reliability is the extent to which a measurement free from errors of measurement (measurement error).

Reliability coefficient of between 0.7-0.8 is considered good for use according to the scale Guilford (Kaplan and Sacuzzo).

Once the model is qualified, then you need to do next is to test the regression weight / loading factors. This test is performed the same as the t-test of the regression weight / loading factor / coefficient model).

This test is used to:

#### 1) Hypotheses regarding the measurement of models:

Parameters Lambda ( $\lambda$ ), the parameter with respect to the measurement of latent variables based on the manifest variables (relating to the validity of the instrument).

Hypotheses were tested:

H0:  $\lambda_i = 0$  (not significant)

H1:  $\lambda_i > 0$  (significant)

#### 2) Hypotheses regarding the structural models:

a. Parameter Beta ( $\beta$ ), which parameter influences exogenous variables on endogenous variables in structural models.

Hypotheses were tested:

H0:  $\beta_i = 0$  (not significant)

H1:  $\beta_i \neq 0$  (significant)

b. Parameter Gamma ( $\gamma$ ), which is an endogenous variable parameter influence on structural endogenous variables in the model.

Hypotheses were tested:

H0:  $\gamma_i = 0$  (not significant)

H1:  $\gamma_i \neq 0$  (significant)

The same test with t test (partial test) in multiple regression, this test is done by comparing the value of t arithmetic with t table, with the following provisions:

if  $t > t$  table means that the variable is significant and

if  $t \leq t$  table means the variable is not significant

Ferdinand (2002: 75) explains that t is identical with CR (critical ratio) were tested with a probability value p, where if  $p < 0.05$  indicates a significant influence and if  $p > 0.05$  indicates not significant.





## 4. Research Result

Based on the results of the discussion in the previous chapter about the picture and the impact of price, image on customer satisfaction and its implications for customer loyalty Hotel Salak The Heritage Bogor, can take the following conclusion:

- 1) Prices in the category Fair, this note also contained a statement lowest value is about: "The amount of money issued under the tariff offered" with an average of 2.82
- 2) The overall image can be described Pretty Good, but nevertheless there is still value to its lowest statements regarding: "Ethics officer according to the standard hotel" with an average of 2.90
- 3) Satisfaction in the category Good, but nevertheless there is still value to its lowest statement regarding "an accurate recording system," with an average of 3.09
- 4) Loyalty is the category of the Fair, however, there is still a low value of the statement that is about: "I have always refused when ditawarin stay from another hotel" with an average of 3.09
- 5) Price and image correlation coefficient of 0.801
- 6) Price has the greatest influence on customer satisfaction bark hotel, with a total effect of 0,462%.
- 7) Citra has a significant influence on satisfaction with the total effect of 0.340%.
- 8) Satisfaction provide a significant impact on customer loyalty with a total effect as amounting to 0,816 or by 81.6%. While other factors not examined and also influence the loyalty shown by the value of  $P_{yε} = 0.184$  or 18.4%. Another variable factor referred to as quality of service Emotional bonding, Trust, Choice and habits reduction, History with company and others.
- 9) Simultaneously Price, Citra affect the satisfaction of 77.1%, while other factors were not examined and also influence customer loyalty shown by the value of  $P_{yε} = 0.229$  or 22.9% Other variables referred to as factor Product quality, Service quality, Cost, Promotions and so forth. Jointly influence that price, image is very significant to satisfaction. Initial identification of each variable to be studied demonstrate the value is still low and has not been optimal. After doing research through data collection by questionnaire and extensive testing, it showed a good value and good Enough to several variables. Pretty good on the variable in need improvement to aspects - aspects of the weak.

## 5. Conclusion

Based on the conclusions of the picture and the effect of price, image against complacency and its implications for the loyalty of Hotel Salak The Heritage Bogor, can put forward suggestions as follows:

- 1) Prices in the category Good enough, it is supported is still a statement that the value of the score is low. So the company does not raise the price so that the price offered in accordance with customer expectations.
- 2) overview Imagery, Overall can be described Quite well, efforts are needed to further improve the attitude and ethics in communication by every employee, it is, is a necessity owned by an employee as an attitude and ethics that encourage the more optimal performance in the process of service activities.
- 3) Satisfaction was in the good category, but not optimal and identification shows there are many aspects that need to be improved satisfaction in the region Hotel Salak The Heritage is the critical success factors of a hotel which then created customer in accordance with the vision and mission of the hotel. Therefore, the recording system to be more accurate and integrated in the operational processes hotels
- 4) Customer loyalty is categorized quite good, is not optimal. Thus according to the initial identification of suspected that customer loyalty is not optimal. Customer loyalty is a measure of the success of the hotel, so the authors suggest that the hotel mainly employees to further enhance its service quality, customer confidence to be willing to stay back.
- 5) Price significant effect on satisfaction, and the results showed that the major influence on the price offered satisfaction. And socially acceptable and realistic, then the price should be evaluated and adjusted to market conditions exist that will increase customer satisfaction hotel
- 6) Citra significant effect on satisfaction, and the second largest influence on the customer satisfaction. It is in determining the optimal satisfaction of the hotel should further improve the





attitude and ethics of both employees and the hotel, if the attitude and ethics slightest decline will impact on decreasing customer satisfaction.

- 7) Satisfaction significant effect on customer loyalty, and has had enormous influence on loyalty compared to other variables. Thus every hotel would attempt to increase the ability of its employees through additional insight, quality of service following scientific changes are up to date, involving employees in education and training.
- 8) Price, Citra effect on satisfaction, therefore, based on the test results of the variables studied a significant impact on satisfaction. Thus all parties, both the Customer and the Hotel Salak The Heritage Bogor always keep customer satisfaction third determinant variables is fixed properly and optimally even have to be increased again. The author recommends that the Hotel Salak The Heritage Bogor more attention to indicators that have an average value of the low, it can be concluded approaching the allegation while not optimal price, image and customer satisfaction that have been studied. Should inform the hotel's vision and mission and main objectives to be achieved with a basis of openness. Evaluate prices and facilitate and motivate, training every employee to continuously improve the company's image by improving the quality of service for customer satisfaction. And be able to direct and provide solutions to every challenge in the face of the hotel.

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