Analysis of the Influence of Service Quality and Promotion Strategy on Customer Satisfaction at Indomaret Surabaya

Jessyca Noviolita Putri[1], Vicky Vendy[2]*
Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya, Indonesia[12]
jessicanoviolitaa@gmail.com[1], vicky.vendy.ak@upnjatim.ac.id[2]*

Abstract. The purpose of this study was to determine the effect of service quality and promotion strategy on customer satisfaction. This research was conducted at Indomaret Surabaya, with a sample of 100 people with the sampling method using convenience sampling. This study uses a quantitative approach using primary data obtained through online questionnaires. Based on the results of the study, it was found that there was a positive and significant relationship between promotion strategy and customer satisfaction at Indomaret Surabaya. This research has the implication that friendly service quality and utilizing social media as a means to optimize promotion strategies are factors that can increase customer satisfaction.
Keywords: Service Quality; Promotion; Customer Satisfaction.

I. Introduction

PT. Indomarco Prismatama is a chain of minimarkets with a sales area of around 200 m2 which provides a variety of basic and daily needs. As a strategy to attract customers, modern retail owners can provide discounts or discounts to customers on several products sold at Indomaret. Indomaret is one of the largest retail companies in Indonesia which has expanded its business reach by opening branches in various regions. As a retail company that competes with many competitors in the market, Indomaret must be able to retain customers and gain greater profits.

Morrisan (2007) defines an effort made by the seller to develop various channels of communication and persuasion in order to market products, services, or introduce a concept to consumers. In addition to a qualified promotional strategy, service quality also influences customer satisfaction. Low service quality will lead to customer dissatisfaction. Because customers who are dissatisfied with their services will tell at least 15 other people.

Customer satisfaction is an important key to retaining customers and increasing company profits. Service quality is a core factor and element that has the potential to affect customer satisfaction through interaction and its influence on word-of-mouth communication, such as complaints, recommendations, and customer transfers (Sumarto, 2007). Good service quality includes factors such as product availability, store cleanliness, shopping convenience, friendly and professional service, and product quality sold. Conversely, poor service quality can make customers feel dissatisfied and choose not to shop at Indomaret. In addition, the promotion strategy acts as a communication tool between sellers and buyers to inform them about the benefits and value of the products and services offered. Shinta (2011) revealed that the promotion has links with special offers aimed at customers. According to Charles W. Lamb (2001), a promotional strategy is a plan designed to optimize the use of promotional elements such as advertising, community relations, individual selling and sales promotion. Assauri (2014) explained that promotion is a company's effort to influence and persuade (persuasive communication) prospective buyers through the use of various relevant marketing elements. The right promotion strategy can increase awareness and expand Indomaret's market reach. In using the promotion strategy, Indomaret must also pay attention to its target market and business goals. Therefore, service quality and promotion strategy are two important factors that must be considered by Indomaret to increase customer satisfaction.

Research on the effect of service quality and promotion strategies on customer satisfaction at Indomaret is very important to do. In this article, we will discuss in depth the influence of service quality and promotion strategies on customer satisfaction at Indomaret. This research is expected to provide a clear picture of how Indomaret can improve customer satisfaction and maintain its position as one of the largest retail companies in Indonesia.

II. Literature Review

According to Park in (Irawan, 2021), customer satisfaction is a response or feeling that is felt by customers for the products, goods, or services they have consumed. Kotler and Keller (2016) said customer satisfaction as follows: "Satisfaction reflects a person's judgment of a product's perceived performance in relation to expectations. If performance falls short of expectations, the customer is disappointed. If it matches expectations, the customer is satisfied. If it exceeds them, the customer is delighted" which means

that satisfaction reflects one's evaluation of the product performance experienced in relation to expectations. If performance falls short of expectations, the customer is disappointed. If performance meets expectations, the customer is satisfied. When it exceeds expectations, the customer is happy.

Bahrudin and Zuhro (2016) opined that customer satisfaction is the result of evaluating the choices made in certain purchasing decisions and the experience gained when using or consuming a product or service. Meanwhile, Tjiptono (2014) conceptualized customer satisfaction as a feeling that arises as a result of evaluating the experience of using a product or service. Based on the definitions presented by previous experts, it can be concluded that customer satisfaction is the result of a comparison between the expectations held against the performance obtained when using a product or service.

Effect of Service Quality on Customer Satisfaction

Service quality can be described as a model that describes how customers form their expectations of services based on past experiences, promotional information they hear from others, and advertisements they see. Next, they compared these expectations with the reality of the service they received and felt (Kotler, 2005). Service quality includes the level of excellence expected by customers, and efforts to maintain that level can meet customer needs. Service quality is influenced by two factors, namely service expectations (expected service) and service received (perceived service). The concept of service quality is abstract and difficult to understand because service quality is intangible, varies, does not last long, and the production and consumption of services are simultaneous (Tjiptono, 2014). It can be concluded that service quality includes all activities carried out by the company to provide services that satisfy customer expectations. In this context, what is meant by "service" is the service provided by a service or service provider which includes convenience, speed, interaction, skill, and friendliness which is reflected in attitudes and behavior in providing services to increase customer satisfaction to be achieved. The quality of service provided by the company is an important factor in determining the success of the company.

Utomo and Trisnowati (2017) conducted research that aims to determine the influence of product quality, service quality and price on purchasing decisions to shop at the Alfamart Mojolaban Sukoharjo store. From this study, it can be concluded that service quality has a significant effect on purchasing decisions in a positive direction. The research conducted by Manurung (2017) found that service quality has a significant effect on customer satisfaction and repeat purchase decisions on Alfamart and Indomaret franchises in Jalan Ratu Dibalau Tanjung Bahagia Bandar Lampung. Research conducted by Rina (2016) indicated that service quality has a significant effect on consumer satisfaction. From the results of the analysis of previous research, the following hypotheses can be developed:

H1: Service quality has a positive effect on customer satisfaction at Indomaret Surabaya

The Effect of Promotional Strategy on Customer Satisfaction

Promotion is a communication process that flows in one direction, which aims to direct individuals or organizations towards actions that result in exchange in a marketing context (Swastha, 2001). Promotion strategy refers to a plan that aims to make optimal use of promotional elements such as advertising, public relations, personal selling and sales promotion (Charles W. Lamb, 2001). According to Tjiptono (2008) Promotion strategy has an important role in determining the success of a marketing program. Even if the product is of high quality, they will never purchase it if the consumer has never heard of the product and is unsure of its benefits.

Based on research Rebekah and Lisbeth (2016), found that the promotion strategy has a positive and significant effect on customer satisfaction. Another research conducted by David (2016) and Yanti and Suastipuja (2021) also showed similar results, namely that the promotion strategy has a positive and significant impact on customer satisfaction. Therefore, it can be concluded that by improving and implementing a good sales promotion strategy in the company, customer satisfaction can be increased. Based on this, the research hypothesis can be formulated as follows:

H2: Promotion strategy has a positive effect on customer satisfaction at Indomaret Surabaya
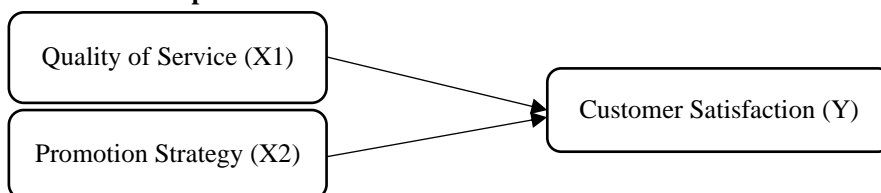
Research Concept Framework

Figure 1. Framework for Theoretical Thinking

III. Research Method

This research uses quantitative methods, data analysis uses SEM-PLS analysis and SmartPLS 4 software. SEM is a multivariate analysis technique that is often used by researchers to study the relationship between a number of complex variables and provide a big-picture model (Ghozali, 2008). In particular, the PLS approach is used to predict the dependent variable which contains many independent variables. The purpose of this research is to relate the existing theory with the data obtained in such a way that the SEM-PLS method is deemed appropriate. Primary data collected through the Google Forms online questionnaire serves as a data source. Questionnaires were distributed online via the WhatsApp and Instagram platforms to respondents who met the specified criteria. The variable measurement scale in the questionnaire uses a Likert scale from 1 to 5, in which respondents give their responses ranging from "disagree" to "strongly agree".

The population that is the focus of this research is Indomaret customers in Surabaya. To take samples, a convenience sampling technique was used in which researchers selected respondents based on the availability of market research data. Determining the sample size was carried out using the Lemeshow formula (1997) because the total population is unknown. As a result, this study used a sample of 100 respondents.

In PLS testing, two stages are generally carried out. The first stage is the Outer Model (Measurement Model) which aims to evaluate the extent to which manifest variables can explain the associated latent variables. At this stage, construct validity tests and instrument reliability tests were carried out to ensure the quality of the measurements. The second stage is the Inner Model (Structural Model) which aims to evaluate the relationship between exogenous and endogenous variables in the SEM model. This stage is used to analyze the relationship between variables in the overall model.

Variable Description

Table 1. Variable Description

Variable	Statement Items
Service quality (Nurfadilah, 2016)	a. The quality of service provided by Indomaret Minimarket employees is very satisfying b. Indomaret Minimarket employees are friendly to consumers c. Indomaret Minimarket facilities and infrastructure are very adequate d. The environment around Indomaret Minimarket is comfortable for consumers e. Indomaret Minimarket employees provide services as promised accurately and reliably f. Indomaret Minimarket employees provide the same service to all consumers g. Indomaret Minimarket employees provide fast and precise service to consumers h. Indomaret Minimarket provides a special time and place for consumer complaints and immediately responds to consumer complaints
Promotion Strategy (Setiawan, 2018)	a. The ads presented by Indomaret are very interesting b. The advertisements displayed by Indomaret are easy to understand and understand c. Product prices on the Indomaret brochure are in accordance with the prices in the store d. Indomaret brochures really help me in viewing information about the latest product promotions e. The prizes offered by Indomaret make me want to shop f. I am very happy with the prizes given by Indomaret
Customer satisfaction (Nurfadilah, 2016)	a. Consumers are satisfied with the products offered by Indomaret Minimarket b. Consumers will feel satisfied if they get good service or according to expectations c. Consumers will feel satisfied if the product or service used has a guarantee of safety that does not endanger consumers d. Satisfaction obtained by consumers is not due to the quality of the product but social values that make consumers satisfied with certain brands

    e.   Products that have the same quality but set relatively low prices will provide higher value to consumers

    f.   Consumers who do not need to incur additional costs or do not need to waste time getting a product or service tend to be satisfied with the product or service

IV. Results and Discussion
Results

       Respondent data in this study will be explained in table form below:

Table 2. Based on Gender

Gender	Number of respondents	Percentage
Man	37	37%
Woman	63	63%

Source: data processed by researchers (2023)

Table 3. By Age

Age	Number of Respondents	Percentage
< 15 years	0	0
16 – 25 years	100	100%
26 – 35 years	0	0

Source: data processed by researchers (2023)

Table 4. Based on Occupation

Work	Number of Respondents	Percentage
Civil servant	0	0%
Private employees	4	4%
Self-employed	2	2%
Student	92	92%
Other	2	2%

Source: data processed by researchers (2023)

       Based on the data obtained, the majority of respondents who filled out the questionnaire were women with an age range of 16 to 25 years. In addition, most of the respondents came from students, while the number of respondents from civil servant professions, private employees, entrepreneurs, and others was relatively small.

       Based on existing respondent data, the next step is to test the external model (measurement model), starting with a convergent validity test. At this stage, it is seen from the ideal loading factor value, which is ≥ 0.7, to determine whether each item is valid in measuring its construct based on existing theory. In this stage, several items that have value are found ≤ 0.7, namely in the constructs X1 (X1.1, X1.5, and X1.7), X2 (X2.2 and X2.6), and Y (Y.4), so these items are considered to be less valid. Therefore, the items that are not valid are eliminated to ensure that all items are valid. Furthermore, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) were tested to determine the reliability of the construct.

       To assume a reliable construct, usually the desired value is ≥ 0.7. This can be seen from the test results using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). In this study, the results show that Cronbach's Alpha and Composite Reliability have a value of ≥ 0.7, which indicates that the construct studied has a high degree of correlation and can be considered reliable. In addition, the AVE value also exceeds 0.5, which indicates that the error rate for each variable is low.

Table 5. Results of Cronbach's Alpha, Composite Reliability, and AVE

Variable	*Cronbach's Alpha*	rho_A	*Composite Reliability*	Average Variance Extracted (AVE)
X1	0.861	0.868	0.900	0.644
X2	0.826	0.834	0.884	0.656
Y	0.904	0.908	0.929	0.723

Source: data processed by researchers (2023)

       The next step is to perform a discriminant validity test to measure the extent to which a construct is different from other constructs. Information regarding the Cross Loading values for each construct can be found in Table 7. From these results, it can be concluded that all indicators have a higher correlation

coefficient with the construct they form than with the other constructs. Thus, the differences between the constructs have been met, and discriminant validity is met. This shows that these constructs can predict better if the indicators that form them are compared to other constructs.

After reviewing the measurement model, it can be concluded that the measurement model of this study is valid and reliable. The next step is to examine the Inner model or structural model. The first test to be carried out is the R-Square test which is used to find out how much variation in latent variables explains indicators. The results of the R-Square test in this study were 0.322 or 32.2%, which means service quality and advertising strategy have an effect of 32.2% on customer satisfaction. The rest, 67.8% is explained by other variables not examined in this study. In short, all the independent variables considered in this study show a positive and significant relationship. This can be seen from the T-Statistics value ≥ 1.96 and also the P-Values ≤ 0.05.

Table 6. Structural Model Testing Results

hypothesis	Variable Relations	*Original Sample*	*T-Statistics*	*P-Values*	Information
Hypothesis 1	X1->Y	0.374	4,267	0.000	Positive, significant H1 is accepted
Hypothesis 2	X2->Y	0.276	3,079	0.002	Positive, significant H2 is accepted

Source: data processed by researchers (2023)

Table 7. *Cross Loading*

	Quality of Service (X1)	Promotion Strategy (X2)	Customer Satisfaction (Y)
X1.2	0.848	0.379	0.390
X1.3	0.799	0.482	0.446
X1.4	0.782	0.375	0.400
X1.6	0.863	0.428	0.466
X1.8	0.712	0.386	0.353
X2.1	0.312	0.804	0.383
X2.3	0.597	0.780	0.420
X2.4	0.265	0.792	0.287
X2.5	0.434	0.862	0.399
Y. 1	0.347	0.505	0.811
Y.2	0.410	0.314	0.853
Y.3	0.465	0.405	0.833
Y.5	0.467	0.311	0.867
Y.6	0.492	0.436	0.884

Source: data processed by researchers (2023)

Discussion

The Effect of Service Quality on Customer Satisfaction at Indomaret Surabaya

Based on the data contained in Table 6, it can be seen that there is a significant positive relationship between service quality variables and customer satisfaction variables. This can be seen from the T-Statistics of 4.267 and P-Values of 0.000. From these results, it can be concluded that the higher the quality of service provided by Indomaret Surabaya, the higher the level of customer satisfaction. High service quality at Indomaret Surabaya, such as service speed, product availability, staff friendliness, and quality of facilities, has a strong impact on customer satisfaction. Indomaret Surabaya customers tend to be satisfied with their shopping experience because they receive good and adequate service from Indomaret. Good service quality creates a positive customer perception of Indomaret Surabaya as a reliable shopping place that meets their needs. The speed and efficiency of service, coupled with the friendliness and professionalism of the staff, makes customers feel valued and well taken care of. High service quality makes an important contribution to customer satisfaction. This can increase customer loyalty, generate repeat purchases, and broaden the customer base through positive recommendations to others. The results were strengthened by research from High service quality makes an important contribution to customer satisfaction. This can increase customer loyalty, generate repeat purchases, and broaden the customer base through positive recommendations to others. The results were strengthened by research from High service quality makes an important

contribution to customer satisfaction. This can increase customer loyalty, generate repeat purchases, and broaden the customer base through positive recommendations to others. The results were strengthened by research from Lauw and Kunto (2013), where physical evidence, reliability, responsiveness, assurance, and empathy as dimensions of service quality have a significant effect on customer satisfaction.

The Effect of Promotion Strategy on Customer Satisfaction at Indomaret Surabaya

In table 6 it is known that there is a significant positive relationship between the promotion strategy variable and the customer satisfaction variable. This can be seen from T-Statistics of 3.079 and P-Values of 0.002. These results indicate that the more effective the promotional strategy carried out by Indomaret Surabaya, the higher the level of customer satisfaction. Effective promotional strategies, such as product discounts, special offers, loyalty programs and other promotional activities, have a strong impact on customer satisfaction. Indomaret Surabaya customers are satisfied with their shopping experience because they can take advantage of the benefits and advantages of the promotional strategies offered by Indomaret. A good promotion strategy can create a positive customer perception of Indomaret Surabaya as a shopping place that provides added value. Price discounts, loyalty programs, and other special offers increase customer satisfaction as they feel they are getting more value for their money. In addition, an effective promotion strategy can also influence customer perceptions of Indomaret Surabaya's credibility and reputation as a store that offers attractive offers. This can form a positive image and customer trust in the Indomaret brand. This study supports research conducted by Huda and Farida (2014) in his research, which shows that the promotion strategy has a significant effect on consumer satisfaction.

V. Conclusion

Based on the research results, it was revealed that the service quality variable had a significant positive relationship with the Indomaret Surabaya customer satisfaction variable. It is important for Indomaret Surabaya to continuously improve the quality of services provided to customers to ensure higher customer satisfaction. Thus, Indomaret Surabaya can maintain loyal customers and gain a competitive advantage in the retail industry. Furthermore, it was found that there was a positive and significant relationship with promotion strategy variables on customer satisfaction at Indomaret Surabaya. Therefore, Indomaret Surabaya needs to continue to improve and optimize their promotion strategy to ensure higher customer satisfaction.

Based on the results of the analysis tests carried out in this study, several suggestions can be taken. Firstly, it is recommended that Indomaret in Surabaya prioritize the convenience of shopping to increase shopping volume. Based on this research, service quality and promotion strategy are factors that influence customer satisfaction. That is, the better Indomaret creates customer satisfaction, the higher customer satisfaction in buying Indomaret products. Secondly, It is hoped that subsequent research can develop the variable areas studied, including aspects such as purchasing decisions, facilities, customer loyalty, prices, and product variety. The aim is to observe how these variables affect customer satisfaction. By doing these steps, it is hoped that the results of the data analysis obtained will be more optimal.

References

Assauri, S. (2014). *Manajemen Pemasaran Dasar, Konsep, dan Strategi* (Ketiga Belas). PT Raja Gravindo Persada.

Bahrudin, M., & Zuhro, S. (2016). Pengaruh Kepercayaan Dan Kepuasan Pelanggan Terhadap Loyalitas Pelanggan. *Jurnal Bisnis Dan Manajemen Islam, 3*(1).

Charles W. Lamb, J. F. H. C. M. (2001). *Pemasaran* (Pertama). Salemba Empat.

David, H. dan L. Y. (2016). *Pengaruh Kualitas Pelayanan, Harga, dan Citra Perusahaan Terhadap Kepuasan Pelanggan Garuda Indonesia Jakarta*. Fakultas Ekonomi Universitas Tarumanegara Jakarta.

Ghozali, I. (2008). *Structural Equation Modeling, Teori, Konsep dan Aplikasi dengan Program LISREL*. Badan Penerbit Universitas Diponegoro.

Huda, A. S. & F. I. (2014). *Pengaruh Pelayanan, Promosi dan Lokasi Terhadap Kepuasan Konsumen Toko Joko Elektronik di Pati*. Skripsi Udinus Semarang.

Irawan, H. (2021). *Prinsip Kepuasan Pelanggan*. Elex Media Komputindo.

Kotler, P. (2005). *Manajemen Pemasaran* (Satu). PT Indeks.

Kotler, P., & Kevin Lane keller. (2016). *Manajemen Pemasaran* (12th ed.). PT Indeks.

Lauw, J. dan Y. S. K. (2013). Analisa Pengaruh Kualitas Layanan Terhadap Kepuasan Pelanggan Di The Light Cup Cafe Surabaya Town Square Dan The Square Surabaya. *Jurnal Manajemen Pemasaran, 1*(1), 1–7.

Manurung, P. (2017). *Pengaruh Promosi, Harga, Kualitas Pelayanan Terhadap Kepuasan Konsumen Dan Kepuusan Pembelian Ulang Di Alfamart Dan Indomaret (Studi Di Alfamart Dan Indomaret Waralaba Di Jalan Ratu Dibalau Tanjung Senang, Bandar Lampung)*. Universitas Lampung.

Morissan. (2007). *Periklanan Komunikasi Pemasaran Terpadu*. Ramdina Prakarsa.

Nurfadilah. (2016). *Pengaruh Kualitas Pelayanan Karyawan Terhadap Kepuasan Konsumen pada Minimarket Indomaret di Kecamatan Belopa Utara Kabupaten Luwu*. Dibimbing Oleh H. Muchran BL Dan Irianto Sulaiman.

Ribka dan Lisbeth. (2016). *Pengaruh Strategi Promosi Dan Kualitas Layanan Terhadap Kepuasan Pelanggan Pengguna BPJS Di RSUD SAM Ratulangi Tondano*. Fakultas Ekonomi dan Bisnis. Universitas Sam Ratulangi Manado.

Rina. (2016). *Pengaruh Promosi, Harga, Dan Kualitas Pelayanan Terhadap Kepusan Konsumen Pada Al-Bahjah Tour dan Travel*. Institut Agama Islam Negeri Syekh Nurjati Cirebon.

Setiawan, A. (2018). *Pengaruh Promosi, Harga, dan Produk Terhadap Kepuasan Pelanggan Alfamart Rawa Jaya Kota Palembang*. Universitas Islam Negeri Raden Fatah Palembang.

Shinta, A. (2011). *Manajemen Pemasaran*. Universitas Brawijaya Press.

Sumarto. (2007). Membangun Customer Loyalty Nasabah Bank Melalui Customer Satisfaction. *Jurnal Riset Ekonomi Dan Bisnis*, VII(2).

Swastha, B. (2001). *Manajemen Pemasaran* 1 (Ketiga). BPFE.

Tjiptono, F. (2008). *Strategi Pemasaran* (Ketiga). CV Andi Offset.

Tjiptono, F. (2014). *Pemasaran Jasa*. Andy.

Utomo, L. B. dan T. (2017). Analisis Pengaruh Kualitas Produk, Kualitas Pelayanan Dan Harga Terhadap Keputusan Pembeli Pada Toko Alfamasrt Mojoban Sukoharjo. *Jurnal Penelitian Dan Kajian Ilmiah* Fakultas Ekonomi Universitas Surakarta.

Yanti dan Suastipuja. (2021). *Pengaruh Kualitas Pelayanan, Harga Dan Promosi Terhadap Kepuasan Pelanggan Di Percetakan UD. Wipra Print Karangasem*. Fakultas Ekonomi Bisnis Dan Pariwisata, Universitas Hindu Indonesia.