

# The Effect of Price, Service Quality and Promotion of Loyalty With Satisfaction as Intervening Variables in *Shaqylla Beauty Clinic* Payakumbuh

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## ABSTRACT

This research aims to examine and explain how influence the price, service quality and promotion of loyalty with satisfaction as an intervening variable. The model of this research is quantitative research. The sampling method use was purposive sampling with a sample of 315 costumers who visited at *Shaqylla Beauty Clinic* and research instruments in the form of a questionnaire distributed to respondents by chance who had visited at *Shaqylla Beauty Clinic*. The results Showed t hat directly price has a positive effect on loyalty and has a positive on satisfaction, service quality has a positive effect on loyalty and has a positive effect on satisfaction, and indirectly does not has a positive effect on promotion between loyalty but has a positive effect on satisfaction based on the results of testing the structural equation model (SEM) with PLS 3.0.

**Keywords:** price, service quality, promotion, loyalty, satisfaction

## 1. INTRODUCTION

Globalization has led to major changes in the concept of business and service sector marketing (Lovelock, 2002). The climate of competition between companies is increasing and service providers are increasingly competing for the hearts of customers (Suparyadi, 2006). The marketing concept that was previously oriented to product excellence and marketing strategies, has now shifted to focus on customers. Marketing policies that place customers as objects for profit alone can no longer be applied to businesses with high levels of competition, including the beauty services industry.

The impact of globalization is the emergence of a cosmopolitan lifestyle. A cosmopolitan

lifestyle that is increasingly being utilized by service providers to advance the beauty clinic business. The marketing mix used by the beauty clinic is based on the customer's lifestyle, which includes *luxury* (luxury), *indulgence* (indulgence), *self-image* (self-concept), and *admired* (dikagumi) (Widjaja, 2009). In the life of modern society which tends to be filled with pressure, beauty clinics that offer body beauty treatments, treatment of skin problems, and means of relaxation are increasingly in demand among women.

The many choices of consumers to choose a facial beauty clinic, making beauty clinic management worth building customer loyalty. The actually of competition, because of customers to face more alternative products or

services, the price and also quality varies, after that customers will look the impact that is considered the best of several products and services quality their ever had. Efforts to improve the service quality system will be far more effective for business continuity.

In addition to service quality, there are other factors that can affect satisfaction, namely price. If customers consider prices to be reasonable or fair, they feel more satisfied (Tuan, 2012) . According to Kurniasih (2012) the price variable has a positive and significant effect on customer satisfaction variables.

One aspect that is no less important to keep consumers loyal is Satisfaction. The statement was strengthened by the opinion of experts who stated that satisfaction is one important element in consumer loyalty, trust as an important basis for building and maintaining long-term relationships (Akbar & Parvez, 2009) . So it can be concluded that satisfaction is an important capital in increasing consumer loyalty, especially in building long-term relationships.

Based on the phenomena and theories that have been outlined above, researchers are interested in bringing up a study entitled the effect of price and service quality on consumer loyalty with satisfaction as an intervening variable in Shaqylla Beauty Clinic Payakumbuh.

## **2. LITERATURE REVIEW**

### **2.1. Loyalty**

The thing that is highly considered by a company is loyalty. Loyalty as a important things for a company, every company have a hope a customers will purchase their product or their service quality again.

There are five factors that affect customer loyalty, namely: 1)Customer satisfaction, can we

explain is about a measurement to gap the customer have expectations and reality their get . (2) Institute of emotions (3) Trust (4) Convenience (5) Experience by company ( *History with company* ) .

Indicators of loyalty according to Dehghan (2011) are *Attitudinal Loyalty* , *Behavioral Loyalty* , *Recommendation Behaviors* , and *Price Loyalty* .  
*Promotion*

Promotion is action to giving know some people with a product.. The definition states that Promotion is an exercise in information, persuasion and vice versa, by persuading people to become informant.

Promotion Indicators, namely: (1) Advertising (2) Personal selling (3) Sales promotion (4) Public relations , public relations is a comprehensive communication effort to influence the opinions, beliefs and attitudes of consumers towards the company.

### **2.2. Price**

When consumers conduct evaluations and research on the price of a product is strongly influenced by the behavior of the consumers themselves. There are two factors that influence the perception of the fairness of a price. First, the perception of price differences, according to the Weber-Fechner law, buyers tend to always evaluate the price difference between the price offered and the known base price. Another factor that influences the perception of the fairness of a price is the price references owned by customers obtained from their own experience and external information, namely advertisements and other people's experiences.

The existence of price indicators according to Odunlami (2013), price indicators consist of: (a) Discounted prices , (b) Prices in accordance with products , (c) Pricing strategies for

consumers , (d) Prices that contribute to the achievement of results .

### **2.3. Quality Services**

Service quality is determined by the desires that result from the comparison of interests and satisfaction felt by consumers. As for the characteristics of the service / service are: (a) Intangible, service is something that does not materialize, can not be touched, felt, heard or smelled before the service or service is purchased. a consumer will trust the service provider if the services provided are able to direct and convince consumers to be willing to buy the services offered. (b) Inseparable, in general services that are produced or produced and felt at the same time and if desired by someone to be handed over to another party, then he will still be part of the service. In the types of services that contact between service providers and customers is high and requires the presence of customers, interaction between them is an important factor that determines customer satisfaction with the services concerned. (c) Variable, Services vary depending on who provides them, when, where and to whom the service is produced (d) It is not durable, The disappearance of services is not a problem if demand remains constant because it is easy to arrange for staff to do the service in advance.

As well as indicators that affect service quality : (1) *Reliability* (2) *Responsiviness* (3) *Assurance ( Assurance )*, (4) *Empathy* (5) *Tangibles*

### **2.4. Satisfaction**

Customer satisfaction is a business carried out by a company so that the products or services marketed can satisfy the customer's shared needs. Customer satisfaction is a measure of how

well the company is doing business. Satisfaction itself is a function of performance and expectation.

As for many definitions of customer satisfaction, however, it still refers to three general components that can identify consumer satisfaction, namely: (a) Response: Type and intensity, customer satisfaction is an emotional and cognitive response. The intensity of the response starts from being very satisfied and liking the product to an apathetic attitude towards a product. (b) Focus, Focus on the performance of objects adapted to several standards. This standard value is directly related to products, consumption, shopping decisions, sellers and shops. (C) Response time. The duration of satisfaction refers to how long the satisfaction response lasts. (Tjiptono: 2005).

And the indicators contained in satisfaction as follows : (a) The quality of the product,. (b) Service Quality, (c) Emotional Factor (d) Cost and convenience.

#### **Hypothesis**

- H1: Price have a positive impact and significant impact on customer loyalty shaqilla beauty clinic
- H2: Quality of service have a positive impact positive and significant impact on customer loyalty shaqilla beauty clinic
- H3: Promotion have no negative impact and not significant impact to the consumer loyalty shaqilla beauty clinic
- H4: Price have a positive impact and significant impact on customer satisfaction shaqilla beauty clinic
- H5: The quality of service have a positive and significant impact on customer satisfaction shaqilla beauty clinic
- H6 : Promotion have a positive and significant effect on customer satisfaction

H7: Consumer satisfaction have a positive and significant effect on customer loyalty.

### 3. METHOD

#### 3.1. Population and Sample

The sample are not all of population that is considered capable of representing the population. This study uses a *non probability sampling technique* with purposive sampling technique, which uses criteria that have been selected by researchers based on having visited Shaqilla Beauty Clinic Payakumbuh. The research instrument used a questionnaire in the form of a statement that was distributed directly. The number of valid questionnaires was 315 respondents. Consumers who visit the Shaqilla Beauty Clinic are the target population. This study uses a questionnaire as a research instrument, a questionnaire containing items - statements that are distributed directly to consumers who visit at the time of the study. This research was conducted at the Payakumbuh Shaqilla Beauty Clinic.

#### 3.2. Research Design

In developing SEM PLS model is the search or development of models that have a strong theoretical justification. The research design in this study uses the analytical tools used in analyzing SEM modeling and testing hypotheses using Partial Least Square (PLS) with SmartPLS software version 3.0, the initial form of the research model used in this study.

#### 3.3. Evaluation of Measurement Model (Outer Model)

The result of PLS outer model: the outer data analysis models with SmartPls 3.0. The following is the elaboration of the results of an outer model analysis based on *convergent validity*, *discriminant validity*, *composite reliability* and *collinearity* values .

a. *Convergent Validity*, is one of the criteria in testing analysis using SmartPLS. *Convergent validity* at the indicator level is called indicator reliability or loading for initial inspection of the *loading factor* matrix is approximately 0.3 for the minimum level and for *loading factors* of approximately 0.4 is considered better, and for *loading factors* greater 0.5 is generally considered significant. This study uses a *loading factor* of 0.5.

b. *Discriminating Validity*, at this stage it is useful to know whether the construct has adequate discrimination. The assessment is proposed in two ways, namely looking at *cross loading* and *fornell-lacker criterion*. The *cross loading value* of the indicator variable against the latent variable must be greater than the other latent variable.

c. *Composite Reliability*, is the stage used to test the reliability of indicators of a variable. An indicator can meet the reliable requirements if it has a composite value of reliability > 0.6. Reliability test with the *composite reliability* method can also be strengthened using *Cronbach's Alpha value* . A variable must be *Cronbach's Alpha value* > 0.7, and can is said reliable.

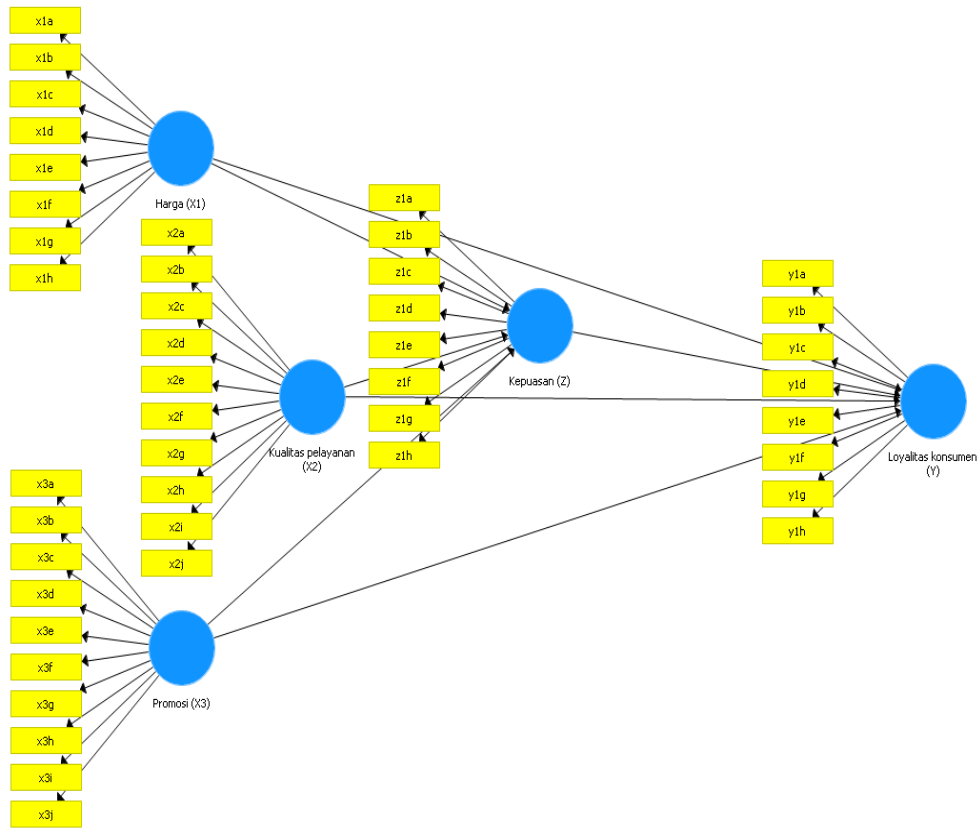


Figure 1. Research Model

d. *Collinearity*, aims the whether there is a correlation between independent variables. To analyze the degree of colinearity by evaluating the value of tolerance, the indication of colinearity-free is indicated by a VIF value of less than 10.

#### 4. RESULTS AND DISCUSSION

Characteristics of Respondents:

a. Based on Gender

Table 1. Gender

No	Gender	Frequency	%%
1	Male	0	0%
2	women	315	100%
<b>amount</b>		<b>315</b>	<b>100%</b>

b. By age group

**Table 2. Age**

No	Age group	Frequency	Percentage%
1	<20 years	24	7.6%
2	20-30 years	216	68.6%
3	31-40 years	75	23.8%
4	41-50 years	0	0%
<b>amount</b>		<b>315</b>	<b>100%</b>

c. Based on Education

**Table 3. Education**

No	Education	Frequency	%%
1	JSS Equal	0	0%
2	Senior High School Equivalent	137	43.5%
3	Diploma	117	37.1%
4	Level	61	19.4%
<b>amount</b>		<b>315</b>	<b>100%</b>

From the above data it can be seen the number of sample was 315 people respondents. *Source* : Processed premiere data, 2020.

Quality, Price, Promotion. Endogenous latent variables, namely customer loyalty. And the Mediation Variable is Satisfaction.

**4.1. Results**

The results of the hypothesis using PLS SEM are shown :

2. Converging Validity and Composite Reliability

1. Conceptualization Model: describe exogenous, endogenous, mediated latent variables and indicators. This study have three exogenous variables, namely: Service

**Table 2. Reliability test results and validity analysis**

Variable	Cronbach's Alpha	Composite reliability	Average Variance Extracted (AVE)
Price	0.914	0.930	0.625
Service quality	0.918	0.933	0.579
Promotion	0.920	0.932	0.612
Consumer loyalty	0.936	0.947	0.689
Satisfaction	0.929	0.940	0.635

Based on the picture above can be seen the overall value of AVE variable  $> 0.5$ . Thus the results show measurement model can be said to be valid. And it can also be seen that the value of each variable in *Composite Reliability* is above 0.6

and the *Cronbach Alpha* value is above 0.7. Thus these results indicate that each research variable meets the criteria so that it can be concluded that the overall variable is said to be reliable.

**Table 3.** Results Analysis s R Square

Variable	R Square	R Square Adjusted
Consumer loyalty	0.762	0.758
Satisfaction	0.683	0.680

In Table 3 above of this study can be seen that  $R^2$  loyalty of 0.762 meaning that the variable customer loyalty 76.2% remaining 23.8% is examine by the other constructs beyond those exolain in this study.

$R^2$  satisfaction of 0.683 means the variable satisfaction of the remaining 68.3% of 31, 7% explained by other constructs beyond those examined in this study.

*Conclusion the results is using PLS-SEM are as follows:*

- a. The first hypothesis have results the effect of price on consumer loyalty as indicated by a positive value and a p-value  $< 0.05$  which is 0.011..
- b. The second hypothesis test have a results see the impact of service quality on consumer loyalty as indicated by a positive value and p-value  $< 0.05$ , namely 0.019.
- c. The third hypothesis test results see the effect of promotion on consumer loyalty which is indicated by a positive value and p-value  $> 0.05$  which is 0.166.
- d. The fourth hypothesis test results see the effect of price on satisfaction as indicated by a positive value and a p-value  $< 0.05$  which is 0.000.
- e. The fifth hypothesis test results see the effect of service quality on satisfaction as

indicated by a positive value and p-value  $< 0.05$  which is 0.006.

- f. The sixth hypothesis test results see the effect of promotion on satisfaction as indicated by a positive value and a p-value  $< 0.05$  is 0.010.
- g. The seventh hypothesis test results see the effect of satisfaction on consumer loyalty as indicated by a positive value and p-value  $< 0.05$ , namely 0.000.
- h. The eighth hypothesis test results the effect of prices on consumer loyalty through satisfaction as indicated by a positive value and p-value  $< 0.05$  which is 0.001.
- i. The ninth hypothesis test results the influence of service quality on customer loyalty through satisfaction as indicated by a positive value and p-value  $< 0.05$ , namely 0.026.
- j. Hypothesis test results of the tenth influence of promotion on consumer loyalty through satisfaction indicated by a positive value and p-value  $< 0.05$ , namely 0.021.

## 4.2. Discussion

### 4.2.1. Impact of price on Customer Loyalty

The price on consumer loyalty shown by a positive value, This means that the lower the price the more loyal consumers. The price paid by the customer must be in accordance with the perceived quality. If the perception of the price paid matches the perceived quality the customer will feel satisfied, and conversely the customer will feel disappointed if the perception of the price paid does not match the perceived quality.

Price is the main factor for customers before making a purchase decision. Price is a marketing mix element that is flexible, meaning that it can be changed quickly, (Tjiptono, 1999).

### 4.2.2. Effect of Service Quality on Customer Loyalty

It means as indicated by a positive value, these results indicate that service quality have a positive and significant effect on customer loyalty. This is in accordance with the opinion of Kassim & Asiah Abdullah, (2010) that customers who are satisfied will further increase their loyalty.

### 4.2.3. Effect of Promotion on Customer Loyalty

The impact of promotion on consumer loyalty is indicated by a negative value, in other words in this study promotion has a positive but not significant effect on consumer loyalty. The result this shows that the quality of services and no significant negative impact on consumer loyalty.

### 4.2.4. Effect of Prices on Consumer Satisfaction

The result shows that prices have a positive and significant effect on satisfaction. It is explain that the lower the price the more satisfaction. The opposite happens when prices do not match.

The influence between price and consumer satisfaction is strengthened by research journals conducted by Rendy Gulla, Sem George Oroh and Ferdy Roring (2015) show that prices have a significant influence on satisfaction.

### 4.2.5. Effect of Service Quality on Consumer Satisfaction

The result show that service quality and significant positive effect on satisfaction. The opposite occurs when the value of service quality decreases. It is explain that the better the quality service, the more satisfaction is increased.

Service quality is determined by the desires resulting from a comparison of the interests and satisfaction felt by consumers. Based on the above understanding, it can be concluded that service quality is a level of superiority that is felt by a person towards a desired service from the comparison between the desire and satisfaction felt by consumers after buying the service.

### 4.2.6. Effect of Promotion on Consumer Satisfaction

The result show that service quality and significant positive effect on satisfaction. In other words in this study the quality of service provides a positive and significant impact on satisfaction.

It important thing in to building a company. Without promotion, consumers will not know what products or services are offered by a



company. There are various kinds of promotions that companies can do, but companies are free to choose what kind of promotions they will use. Promotion conducted by the company aims to introduce the products or services that the company has to the market.

#### *4.2.7. Effect of Customer Satisfaction on Customer Loyalty*

The result that satisfaction with positive and significant impact in customer loyalty. Customer satisfaction is a main goal and means of the company. Satisfied customers can make the customers to re-purchase the products, make purchases at the same salon.

The results of this study support previous research conducted by Susanti and Wardana (2012) which states that testing on satisfaction with customer loyalty shows that satisfaction has a significant effect on customer loyalty.

#### *4.2.8. The effect of prices on customer loyalty through customer satisfaction*

The results showed that the price of consumer loyalty through satisfaction has a positive and significant effect. This means that the more appropriate the price, the more customer loyalty increases through satisfaction.

Price becomes an important factor in determining whether or not consumers will buy. According to research conducted by Dapkevilius, Melnikas (2009: 19) states that price and product quality greatly affect the level of customer satisfaction.

#### *4.2.9. The effect of service quality on customer loyalty through customer satisfaction*

The impact of service quality on customer loyalty through satisfaction is indicated by a positive value . This means that if the company have a the quality of service, the customer will fell more satisfaction. The benefit of customer satisfaction can provide , it can provide a good basis for repurchase and customer loyalty, and form a word of mouth for recommendation to the other people, and can make the company have a new customer.

#### *4.2.10. The effect of promotion on customer loyalty through customer satisfaction*

The effect of promotion on consumer loyalty through satisfaction is indicated by a positive value . This means that the more appropriate the promotion, the more customer loyalty increases through satisfaction. Companies are required to be able to foster their respective competitive advantages through creative, innovative and efficient efforts, so that they become the choice of many customers who are ultimately expected to be "loyal" .

## **5. CONCLUSION**

Based on the results of hypothesis testing, the beta and p-value can be concluded that In this study, it can be concluded that there is an influence on every variable, exogenous or endogenous, with the exception of the relationship between promotion and consumer loyalty. This means, if a company does not approach consumers it will have an impact on the loyalty of the consumers themselves, besides that the company is required to be more

innovative in creating an effective promotional model.

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