FACTORS INFLUENCING CUSTOMER SATISFACTION OF PAVILION RESTO IN DENPASAR

Gede Dika Aditya¹, Agustiono²

¹,², Universitas Ciputra, UC Town, Citraland, Surabaya 60219, Indonesia

e-mail: ¹gdikaadityai@student.ciputra.ac.id , ²agustiono@ciputra.ac.id

Abstract : This research is to find out the influence of product quality, perceived service quality, and perceived value on customer satisfaction. This research choose a food and beverage company as the object named Pavilion Resto. This study uses multiple linear regression with a total 120 respondents, collected from closed-ended questionnaire. The result of this study shows that perceived service quality and perceived value have a significant effect on customer satisfaction. Whereas, product quality has no significant effect on customer satisfaction.

Keywords: Product Quality, Perceived Service Quality, Perceived Value, Customer Satisfaction

INTRODUCTION

Based on BPS (2022), there is significant growth in the restaurant sector in Bali. In 10 years, Bali is reported to have a 188% increase which indicates a high increase in the restaurant sector. There are three main cities or regencies with the highest restaurant population in Bali that is Gianyar, Badung, and Denpasar. Also, the increase in restaurants is aligned with the economic and population growth in Bali. According to the data above, Denpasar is classified as the third city with the most restaurants in Bali. In 2020 and 2021, Denpasar still had 604 restaurants in total compared to Badung which faced 11.5% decrease by 95 restaurants. Otherwise, Denpasar still has a big gap compared to Gianyar Regency by 450 restaurants.

Uno Group Bali is a holding of food and beverage company in Bali. Uno Group Bali has five main restaurants in Denpasar, which are located in Sanur Beach, Ubud, Nusa Dua, and Renon. Pavilion Resto is a day and night dining restaurant owned by Uno Group Bali located in Denpasar city. Pavilion Resto conducting a soft opening on February 15, 2022, which is classified as a new restaurant established in Denpasar. Pavilion Bali is classified as a modern restaurant with mostly 16 to 50-year-old customers visiting the restaurant. Customers usually use Pavilion Resto to hold certain events such as reunions, birthday parties, and meetings. Pavilion Bali also has a unique dining experience by putting a dining set up on a small pond.

Pavilion Resto also receives several comments that reflect on the satisfaction of the customers against the Pavilion Resto restaurant. The comments cover bad presentation, undercooked rice, lack of parking lot, and plainfood taste. The factors that customers leave comments after visiting the Pavilion Resto mostly regarding the quality of products which is food quality, and service that summarize the experience against Pavilion Resto restaurant. In addition, some people mention the value of the product against the sacrifice of money. Those comments are tucked between bad and good ratings in Google reviews since...
Pavilion Resto's rating was 4.4. Therefore, it is important to find out factors affecting customer satisfaction for Pavilion Resto and based on the presurvey, the top three factors that might influence Pavilion Resto customers are product quality, perceived service quality, and perceived value.

LITERATURE REVIEW

Theoretical Foundations

1. The Expectancy Disconfirmation Theory

   The Expectancy Disconfirmation theory is the outcomes and confirmation of the purchase of goods or services that have been consumed by the customers. (Oliver, 1977, 1980) in Carraher-Wolterton, 2022. The Expectancy- Disconfirmation Theory is the level of customers’ expectations against the product or services. Confirmation is classified into two categories that is confirmation and disconfirmation, which have opposite meanings. Confirmation occurs when the outcome of the goods or services matches the expectation of the customers, whereas disconfirmation occurs when the outcome of goods and services doesn’t match the expectation. The confirmation or positive confirmation will lead to good customer satisfaction. Therefore, the outcomes of the product or services will impact customer satisfaction. It also defines the product and service quality or performance received by the customer to achieve the expectation. In regards to the findings, this research author chose The Expectancy- Disconfirmation theory due to the explanation that indicates the relationship between Perceived Service Quality and Product Quality towards Customer Satisfaction.

2. The Effect of Product Quality on Customer Satisfaction

   Product Quality is the product or service characteristic that provides capability to the fulfill customer needs (Kotler and Armstrong, 2014 in Putro & Nurmahdi, 2020). Product Quality refers to the company’s ability to serve the product features to the products. Product Quality is considered as the factor that affects the customer choice. Quality can appear and demonstrate the attributes of the products that exceed the other products.

   Product Quality refers to the benefits that are contained in the product to be offered and served to the customer (X.Liu & Kao, 2022). The quality of the product becomes the priority for the customer in consuming its product. If the product quality doesn’t match the needs of the customer, it will be less favorable.

   The first hypothesis of the research is

   **H1: Product Quality has a significant influence on Customer Satisfaction**

3. The Effect of Perceived Service Quality on Customer Satisfaction

   According to Gronroos, 1988 in Ge et al., (2021), Service Quality is defined as the expectation of the customer compared to the actual perception of the service, which involves the customer's subjective feeling. The previous explanation led to the Service Quality that is perceived by customers from the combination of customer expectation and customer perception against the services. Service Quality could be described as the measurement of customersatisfaction and the level of perceived service felt by customers contributes to the factor of service and customer expectation (Drule et al., 2014 in Liu et al., 2022) Service Quality gives a chance for the company in increasing the number of customer visit, which become vital on its service environment (Panchal et al., 2020). It defines Perceived Service Quality as the main factor that influences customer satisfaction. In other words. The higher perceived servicequality level will lead to a higher level of customer satisfaction.

   Based on Ulusoy & Akyürek (2022), perceived Service Quality has a positive level that impacts customer satisfaction. One of the factors that affect Perceived Service Quality is food and beverage service. Moreover, this research states that Perceived Service Quality becomes a positive and significant predictor of Customer Satisfaction.

   The second hypothesis of this research is:

   **H2: Perceived Service Quality has a significant influence on Customer Satisfaction.**
4. The Effect of Perceived Value on Customer Satisfaction

Perceived Value is the evaluation of the product or service utility regarding what customers received and given (Zeithaml, 1988 in Ge et al., 2021). Perceived Value comes from the exchange or trade of two factors that are the perceived cost and perceived benefit felt by the customer. Perceived Value is measured using a comparison between the benefit obtained by the customer with the sacrifice in the form of the price the customer had to pay (He & Li, 2010 in Fikri Akbar & Siswanto, 2021). It defines Perceived Value as the measurement, evaluation, and proportion between cost sacrifice by the customer towards its advantage. and perceived benefits felt by customers.

Perceived Value with a high service level will increase customer satisfaction level (Juliana et al., 2022). This study reflects on the Perceived Value in certain places that will significantly drive the Customer Satisfaction level. This study has a result when the Perceived Value felt by the customers is increasing, it will more likely to be satisfied.

Customer Satisfaction is the whole factor that indicates the success of the business, and is responsible for the sales performance of the business itself (Gómez et al., 2004 in TRAN & LE, 2020). This means customer satisfaction has a big impact on sales as the indicator of the success of a business. Customers classify as satisfied if the actual performance of the product and service exceeds the expectations of the customers.

The third hypothesis for this research is:

H3: Perceived Value has a significant influence on Customer Satisfaction.

Conceptual Framework

Based on the problem identification and hypothesis, the analysis model in this research is illustrated as below:

![Figure 1. Model of Analysis](image)

Perceived Value (X₃)

Customer Satisfaction (Y)

Perceived Service Quality (X₂)

Product Quality (X₁)

H₁

H₂

H₃
RESEARCH METHODOLOGY

This research uses descriptive quantitative research that describes the whole phenomena, by obtaining data from spreading a questionnaire that will be analyzed statistically using the multiple regression analysis. This study has the purpose of analyzing the influence of product quality, perceived service quality, and perceived value as an independent variable and customer satisfaction as the dependent variable. Multiple regression analysis will be used to connect the multiple independent variables against a single dependent variable and analyze the statistical data obtained from the survey.

This research uses non-probability sampling to select the sample by implying a sort of criteria, specifically with purposive sampling. The criteria of this research include the sample has visited Pavilion Resto more than one time, the sample ages more or equal to 17 years old, the sample ordered food in Pavilion Resto. Based on Hair (2017), it requires 5-10 times the maximum number for an appropriate sample size, which is measured by multiplying it by the indicators of the variable with the minimum for the respondent being 100 respondents. the requirement needed to multiply 20 by 6, which resulted in 120 respondents. This research also used questionnaires such as Google form in obtain the data collection.

Operational Definition and Variable Measurement

Table 1. Operational Definition
<table>
<thead>
<tr>
<th>Variables</th>
<th>Conceptual Definition</th>
<th>Indicators</th>
<th>Operational Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality</td>
<td>Product Quality (Independent Variable /X1). According to Serhan and Serhan 2020, Product Quality as the product or service characteristic that provides capability to the fulfill the customer needs</td>
<td>Taste</td>
<td>The food with tasty flavor serve to the customer</td>
<td>Namkung and Jang (in Serhan and Serhan, 2019)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presentation</td>
<td>1. The attractive layout composition of food product is well presented to customers.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>2. The attractive food product has a well decorated garnish that serve to customers.</td>
<td></td>
</tr>
<tr>
<td>Economic JACKSON</td>
<td></td>
<td>Variety</td>
<td>Variety of the food product that appears on the menu.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Freshness</td>
<td>1. The product aroma that served to customers.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>2. The product juiciness served to the customers.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>3. The product crispness that is served to customers.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Temperature</td>
<td>The food product is present at a good temperature as it should be.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Healthy option</td>
<td>The natural ingredients of food products contain that served to customers</td>
<td></td>
</tr>
<tr>
<td>Perceived Service</td>
<td>Perceived Service Quality (Independent Variable / X2). According to Qin and Prybutok (in Zhong and Moon 2021), service quality is defined as the expectation of the customer compared to the actual perception or perceived of the service, which involves the customer's subjective feeling.</td>
<td>Friendly Employees</td>
<td>1. Friendly employees are defined as employees who are always polite while giving service to the customers.</td>
<td>Qin and Prybutok (in Zhong and Moon, 2021)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Friendly employees are defined as the employees that always greet to the visitors</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prompt Service</td>
<td>Prompt service refers to the responsiveness and quick action owned by the staff in giving the services to the customer</td>
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<td></td>
<td></td>
<td>Helpful Employee</td>
<td>The helpful employee explains the willingness of the employee in assisting the customer</td>
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<tr>
<td></td>
<td></td>
<td>Comfortable Service</td>
<td>Comfortable service is described as the sincere behavior of the staff in giving the service</td>
<td></td>
</tr>
</tbody>
</table>
The validity test of each indicator of variable shows that all items have a lower than 0.05 significant value, therefore all indicators are valid. For the reliability test, the Product Quality’s Cronbach alpha is 0.938, the Perceived Service Quality is 0.881, the Perceived Value is 0.909, and 0.783 for Customer Satisfaction with 0.783. Thus can be concluded that the four variables used in this study are reliable (higher than 0.6).

Based on the questionnaire collected, the mean value of the Product Quality variable is 4.502, which indicates the respondents agree with all indicators of the Product Quality variable. The highest standard deviation value (0.85) is the fourth statement “I see many varieties of food appear in the menu of Pavilion Resto” which indicates that the variety of menu is the most varied respondent answer for the product quality indicator. Meanwhile, the mean value of the Perceived Service Quality variable is 4.52, which indicates genuine service from the

### ANALYSIS AND DISCUSSION

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heart is the most varied respondent answer for the perceived service quality indicator. Lastly, the mean value of the Perceived Value variable is 4.53, which indicates that the respondent agrees with all indicators of Perceived Value. The highest standard deviation value (0.809) is “I feel Pavilion Resto provides products with good value for money” which indicates food’s value for money is the most varied answer for the perceived value indicator.

Multiple Regression Analysis
The multiple linear regression equation is as follows,

\[ Y = 0.796 + 0.031X_1 + 0.226X_2 + 0.200X_3 + e \]

Referring to the equation above, since all coefficient regression of Product Quality, Perceived service value, and perceived value are positive, then an increase in one of those variables (holding other variables constant) will cause an increase in Customer satisfaction. If the F test of the model is lower than 0.05 then the model shows a good fit. Regarding the t-test, the product quality t-test shows a significant value of 0.212 which means it is not significant, while the significance value of t-test for perceived service quality and perceived value shows less than 0.000 which means they significantly affect customer satisfaction.

Coefficient of Correlation (R) and Coefficient of Determination (R^2)
The R value of the model is 0.903, which indicates on a strong and positive relationship between variables. The R square value is 81.6%, so 81.6% of customer satisfaction with Pavilion Resto can be explained by the 3 independent variables (Product Quality, Perceived Service Quality, and Perceived Value). Whereas, the rest 19.4% are explained by the other variables out of this research scope.

Classical Assumption Test
Multicollinearity Test
Based on the VIF value of three independent variables is below 10, while the tolerance value has a bigger number than 0.1. Thus the three independent variables have no interrelation against the dependent variable or said as no multicollinearity.

Heteroscedasticity Test
The heteroscedasticity test result, Product Quality has 0.789 significance value, PerceivedService Quality has 0.931 significance value, and Perceived Value has 0.915 significance value each of the independent variables has a bigger 0.05 towards the significance value which shows that there is no heteroscedasticity occurred between an independent variable and dependent variable.

Normality Test
The Normality Test result shows a significance Value (2-tailed) is 0.2, which has a higher number than 0.05. Therefore, the data shows that the residual is normally distributed.

Linearity Test
Regarding the Linearity Test result, the significance level between the dependent variable which is Customer Satisfaction against the independent variable covers Product Quality, Perceived Service Quality, and Perceived value has 0.000 significance value. This indicates that the linear relationship between dependent and independent variables is linear.

DISCUSSION
Based on the t-test result, it concludes that Product Quality does not affect Customer Satisfaction significantly. The hypothesis testing shows the significance value of Product Quality which is 0.212, which has a bigger value compared to the provision with the value of 0.05. Therefore, Product Quality has no significant effect on Customer Satisfaction. Product Quality has no significant effect on Customer Satisfaction.
because the food quality will be the same compared with the competitors since the research uses the same type of restaurant with the same menu compared to the competitors (Kristiawan et al., 2021). Based on Rua et al. (2020), Product Quality has a significant effect on Customer Satisfaction, which is opposite to this study. Moreover, Product Quality has no significant effect on Customer Satisfaction can seen by the comparison between t-count and t-table. In this study, the t-count is 1.255 which has a lower value compared to the t-table which is 1.9803.

Based on the t-test result, it concludes that the Perceived Service Quality variable significantly affects Customer Satisfaction. The hypothesis testing shows the significance value of Perceived Service Quality is 0.000 which is related to the provisions with less than 0.05 significance value. Therefore, Perceived Service Quality has a significant effect on Customer Satisfaction. In addition, Perceived Service Quality has a positive relationship to Customer Satisfaction. The finding in this study regarding the Perceived Service Quality variable follows Zhong and Moon (2020), which state that Perceived Service Quality has a significant effect on Customer Satisfaction. Based on Zhong and Moon (2020), a significant effect occurred due to the comfortable and helpful employees felt by the customers while visiting the place, which supports this study that Perceived Service Quality significantly affects Customer Satisfaction. Based on Serhan and Serhan (2019), Perceived Service Quality is affected significantly by Customer Satisfaction that is caused by the manner and knowledge of the employees in giving service, which is linked to this study. Pavilion Resto should manage and maintain the service quality, especially on the politeness of employees. Pavilion Resto staff necessary to give the service with sincere.

Based on the t-test result, it concluded the Perceived Value variable has a significant effect on Customer Satisfaction. The hypothesis testing shows that the Perceived Value significance value number is 0.000, which fulfills the provisions with a higher significance value than 0.05. Therefore, Perceived Value has a significant effect on Customer Satisfaction. In addition, Perceived Value has a positive coefficient that shows a positive relationship to Customer Satisfaction. The findings of this study regarding Perceived Value is in accordance with Ge et al. (2021), which state that Perceived Value has a significant effect on Customer Satisfaction. Based on Ge et al. (2021), Perceived Value has a significant effect on Customer Satisfaction, because the respondent can match between two comparison factors that are given and the benefit received. Based on Akbar et al. (2021), Perceived Value has a significant effect on Customer Satisfaction, which is caused by the satisfaction felt by the customers against the price set for the product. Thus research also supports this study, regarding the product's worth against the price, especially with the grand theory that discusses about comparison between the confirmation of expectancy.

**CONCLUSION AND SUGGESTION**

**Conclusion**
Based on the statistical result by using multiple linear regression, the findings obtained are:

- Product Quality has no significant effect on the Customer Satisfaction of Pavilion Resto.
- Perceived Service Quality has a significant effect on the Customer Satisfaction of Pavilion Resto.
- Perceived Value has a significant effect on the Customer Satisfaction of Pavilion Resto.

**Suggestion**
1. For the company
   Pavilion Resto should review the variety of menus as customers give various responses to the questions. The management should also have a discussion with staff about any problem so the staff can serve the customer wholeheartedly. Pavilion Resto can also review its pricing policy by benchmarking with other similar resto or doing FGD with customers to learn their expectations.

2. For further research
   There are options for future research to explore other variables such as new food trends, promotion, locations or other variables.
REFERENCE


