

CUSTOMER SATISFACTION AND ITS IMPACT ON MARKETING PERFORMANCE: EVIDENCE FROM HOME LAUNDRY BUSINESS IN SOUTH TANGERANG, INDONESIA

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Abstract

The purpose of this study is to investigate the factors that influence customer satisfaction and their impact on the marketing performance of Home Laundry business in the Region of South Tangerang. This study collected primary data from 87 home laundry workers in the South Tangerang area through the use of questionnaires.

Purposive sampling was used to collect the research sample. The Partial Least Squares (PLS) analytical method was used with the SmartPLS 3.0 application. The results of the study showed that price perceptions and digital marketing had a favorable and significant impact on customer satisfaction. The findings further demonstrated that price perceptions, customer satisfaction, and partial digital marketing all had a favorable and significant impact on Home Laundry's marketing performance in the South Tangerang Region.

Keywords: digital marketing; price perception; customer satisfaction; marketing performance.

Introduction

In the midst of busy people, starting a laundry business could be an opportunity. The reason for this is that not everyone has time to do their laundry. It is not an easy task to do laundry. After washing, clothes should be dried, ironed, and properly folded or hung. It may appear trivial, but doing laundry requires many steps and takes a long time. Washing clothes becomes extremely inconvenient for people who are extremely busy, whether due to work or college. You can eliminate these distractions by providing cleaning services. Furthermore, the laundry industry is sometimes required to care for clothes that require special handling. <https://store.sirclo.com/blog/usaha-laundry-tipe-and-how-to-begin/> (2022)

As time passes, the human mind evolves to be more observant in its pursuit of opportunities. In the midst of the hustle and bustle of urban society, such as workers who are active every day from morning to night, students who are busy with their university life, or housewives whose time is consumed by caring for their children to the point where they no longer have time to wash clothes, business people realize that business is important. Kilo laundry is a profitable business.

Kilo laundry can help these people, especially in campus areas or boarding houses near offices. The rates are relatively low, and the speed with which they complete washing makes kilograms of laundry always in demand. <https://koinworks.com/blog/business-laundry-kiloan/> (2022)

In the field of marketing, a marketing strategy is a type of plan that is broken down. This marketing strategy has a broad scope in the field of marketing to achieve optimal results. An effective marketing strategy, one of which can be seen in the consistency of sales levels, or it would be better if it could increase year after year based on the quantity/quality of products that the company is capable of producing. Companies must recognize their own strengths and weaknesses in order to identify themselves, as well as take advantage of every opportunity that arises while avoiding or minimizing weaknesses. Nurjana (2019)

An indicator of a team's operations over a given time period is its marketing performance. These results are indeed the value of the prepared and carried out procedures for assessing whether the developed and carried out strategy is appropriate or not. Consumers will only see and feel which offers can provide value for them, both functionally and emotionally. This requires companies to be able to work based on what consumers need in accordance with good service, build relationships with customers, and provide high customer satisfaction. Farlane, Charlina, and Joyce (2016)

LITERATURE REVIEW

Digital Marketing

According to Chaffey in Satria & Hasmawaty (2021), digital marketing is a marketing strategy that makes use of digital technology such as online media such as social media, marketplace, web, and others. This is very capable of assisting marketing activities, the goal of which is to maximize profits while maintaining and expanding the reach of potential customers. Marketers must research digital technology in order to raise customer awareness of their company. Customer loyalty can also be encouraged by the value embedded in a brand. If everything is in place, marketing activities will be focused on the target

market because all communication and online services will be integrated. Devas, Rahayu, and Kumba (2022)

Eun Young Kim defines four important parts that are most influential in digital marketing in Rahayu, Kumba, Deva (2022), which are as follows:

- a. Interactive;
- b. Incentive program;
- c. Website design;
- d. Price.

Price Perception

Kotler and Armstrong (2013: 151) define price as the sum of money that is charged for a good or service, or the sum of money that consumers exchange for the advantages of owning or using the good or service. One of the factors that can influence sales is perceived price. One factor that can cause sales to rise is perceived price.

The following factors influence price perception in Rahayu, Kumba, and Deva (2022):

- a. Price affordability;
- b. Price and product quality compatibility;
- c. Competitive pricing;
- d. Price compatibility with product benefits.

Customer Satisfaction

Kotler and Keller (as cited in Rahayu and Siti, 2022) define customer satisfaction as the degree of happiness or regret a person experiences when comparing their expectations of the purchased product with the actual product. The most crucial element of the business's operation is customer satisfaction because it depends on how consumers evaluate the product's quality in relation to their desired expectations.

According to Kotler and Keller (2015), there are several indicators that influence the assessment of customer satisfaction, including:

1. Maintain your loyalty.

In this case, if a customer is satisfied with our product, service, or business performance, he will be loyal or loyal to always buy our product. This satisfied customer is more likely to purchase products from the same manufacturer because he believes that his expectations and the reality of the product he purchased are on par or better.

2. Purchasing the Products On Offer.

In this case, a satisfied customer will be willing to buy another product from the same manufacturer because he believes he will receive the same level of satisfaction while avoiding a negative experience.

3. Make Product Recommendations.

There are aspects of word of mouth communication that are satisfying in terms of satisfaction. That is, a satisfied customer will not hesitate to recommend a product to others because he believes the product is worth purchasing.

4. Willing to Pay a Higher Price.

When purchasing a product, price can be considered a reference or benchmark for buyer satisfaction. As a result, a customer who wants to be satisfied with the product he has purchased will not hesitate to pay a higher price because he believes that the price also judges the quality of a product.

Marketing Performance

Tjiptono (2015) discovered that marketing performance is an overspent and underdelivered point because measuring the effectiveness and efficiency of each marketing activity, decision, or program is difficult. A concept called "marketing performance" is used to evaluate a product's performance on the market. Each business is curious about how its goods perform on the market because it reflects how well it is doing in the fiercely competitive world of business. Both internally and externally can be used to gauge marketing performance.

Ferdinand (2014) contends that a company's business strategy can be evaluated using a metric called marketing performance. Sales volume and growth rate are always positive marketing indicators for the company as a result of its strategy. According to Kotler and Keller (2016), marketing performance is calculated based on the consistency of profit level, sales volume, market share, and level of customer satisfaction. In summing up, Made and Wayan (2017) stated that marketing performance indicators include:

1. Customer satisfaction
2. Gross sales volume
3. Customer expansion
4. Profitability

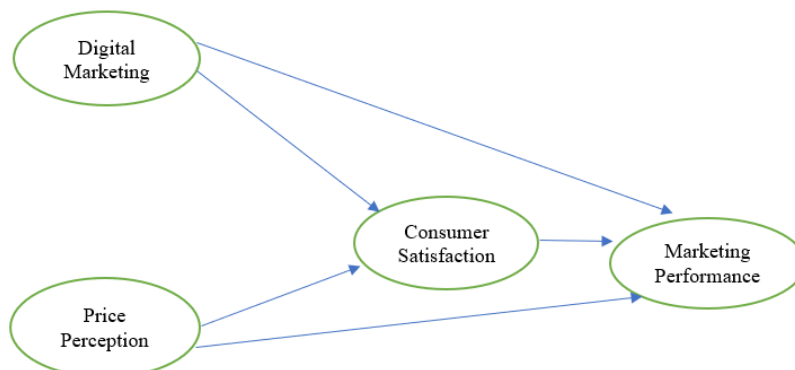


Figure 1 Research Concept

Hypothesis

H1: Digital marketing has a positive and significant impact on customer satisfaction.

H2: Price perceptions have a positive and significant impact on consumer satisfaction.

H3: Digital marketing has a positive and significant impact on marketing performance.

H4: Perceived price has a positive and significant impact on marketing performance.

H5: Consumer satisfaction has a positive and significant impact on marketing performance.

RESEARCH METHODS

This study employs a quantitative approach methodology. The goal of this study is to evaluate Home Laundry's marketing effectiveness in the South Tangerang region. The primary sources are where the data for this study came from. In this investigation, the population comprises of all Home Washer entities who already have complied with the requirements and sampling criteria, specifically purposive sampling, which includes the following: a. Home Laundry has been in operation for at least a year; b. Home Laundry is fully operational; and c. Digital marketing has been used by Home Laundry. There were 87 respondents in total who satisfied the criteria.

By using Google Forms to distribute questionnaires to every respondent online, the data was gathered. The measurement is done

using a Likert - type scale with such a positive outcome, so the greater the number selected means that the remark is more in line with the conditions of the Home Lausdry. SEM (Structural Equation Modeling), an assessment approach that relies on PLS (Partial Least Square) version 3.0, was used in this study as the both quantitative and descriptive analysis methods.

RESULTS AND DISCUSSION

A. Research Results

1. Descriptive Statistics of Research Variables

Table 1 Descriptive Statistics

	N	Minimum	Maximum	sum	Means	
	Statistics	Statistics	Statistics	Statistics	Statistics	std. Error
interactive	87	3.00	5.00	379.00	4.3563	.08333
Incentive programme	87	3.00	5.00	377.00	4.3333	.08600
site design	87	3.00	5.00	397.00	4.5632	,06879
cost	87	3.00	5.00	380.00	4.3678	.08355
Price affordability	87	3.00	5.00	398.00	4.5747	,06037
Price compatibility with product quality.	87	3.00	5.00	367.00	4.2184	.08562
Price competitiveness	87	3.00	5.00	403.00	4.6322	.06356
Price compatibility with the benefits of a product	87	3.00	5.00	377.00	4.3333	,08283
Remain loyal	87	3.00	5.00	394.00	4.5287	,06082
Purchase the products offered	87	3.00	5.00	375.00	4.3103	.08544
Recommend product	87	3.00	5.00	396.00	4.5517	.06693
Willing to pay more	87	3.00	5.00	369.00	4.2414	.08646
Customer satisfaction	87	3.00	5.00	401.00	4.6092	,06407
Sales volume	87	3.00	5.00	373.00	4.2874	,08637
Sales growth	87	3.00	5.00	369.00	4.2414	.08646
Profit capability	87	3.00	5.00	371.00	4.2644	.08250
Valid N (listwise)	87					

Source: SPSS Output 23, 2022

According to the table, after distributing the questionnaires to all respondents, it can be concluded that the lowest average indicator value for incentive programs is 4.33 and the highest for site design from the 87 respondents in this study on digital marketing variables in

general. Perceived price is the lowest average value based on price and product quality, while price competitiveness is the highest. Customer satisfaction has an average value of 4.24 for being willing to pay more and 4.55 for recommending to others. Marketing performance has the lowest average value of sales growth (4.24), while customer satisfaction has the highest average value (4.60).

2. Analysis of Measurement Results

In this study, convergent validity, divergent validity, internal consistency reliability, and average variance collected are the prerequisites for evaluating predictors utilizing methodologies for data analysis with SmartPLS 3.0 to evaluate the validity and reliability of the Outer Model.

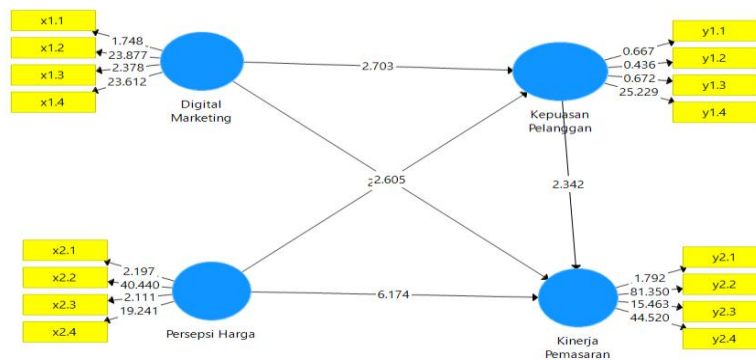


Figure 1 Outer Model Testing Results

Source: Data output processed from SmartPLS 3.0, 2022

3. AVE analysis, Comsite Reliability, Cronbach's Alpha

Table 2 Average Variance Extracted (AVE)

Variable	AVE	Criteria	Information
Digital Marketing	0.464	< 0.5	Invalid
Customer satisfaction	0.258	< 0.5	Invalid
Marketing Performance	0.638	> 0.5	Valid
Price Perception	0.518	> 0.5	Valid

Source: Data output processed from SmartPLS 3.0, 2022

Table 3 Composite Reliability

Variables	Composite Reliability	Criteria	Information
Digital Marketing	0.744	>0.7	reliable

Customer satisfaction	0.175	< 0.7	Not reliable
Marketing Performance	0.863	>0.7	Reliable
Price Perception	0.791	>0.7	Reliable

Source: Data output processed from SmartPLS 3.0, 2022

Table 4 Cronbach's Alpha

Variable	Cronbach's Alpha	Criteria	Information
Digital Marketing	0.628	< 0.7	Not reliable
Customer satisfaction	0.035	< 0.7	Not reliable
Marketing Performance	0.770	>0.7	Reliable
Price Perception	0.721	>0.7	Reliable

Source: Data output processed from SmartPLS 3.0, 2022

According to the table above, the results of the discriminant validity test or cross loading factor value are higher than 0.7. It shows that three variables are considered reliable and one is considered unreliable. The findings of this study indicate that the indicators used in this study have good discriminant validity in constructing each variable.

4. Structural Inner Model Test Results

Table 5 Inner Structural Model Test

	R-Square	R-Square Adjusted
Customer satisfaction	0.494	0.482
Marketing Performance	0.898	0.894

Source: Data output processed from SmartPLS 3.0, 2022

Based on the table above, it is possible to conclude that testing the structural inner model yielded positive results. R-Square (Coefficient Determination) can be used to determine how much other variables influence endogenous variables. Table 5 shows that digital marketing and price perception variables influence 49.4% of the customer satisfaction variable, while the remaining 50.6% is influenced by other factors not included in the model. Meanwhile, digital marketing, price perception, and customer satisfaction influence marketing performance by 89.8%, with the remaining 10.2% influenced by factors not included in the model.

5. Goodness-of-Fit Test

The Q-Square necessary for measuring provides information on the goodness of fit evaluation. Similar to the determination coefficient (R-Square) in regression analysis, the Q-Square value indicates how well or how closely the model fits the data. The larger the Q-Square value, the better. Q-Square calculation as follows:

$$\begin{aligned}
 Q2 &= 1 - (1 - R1^2) (1 - R2^2) \\
 &= 1 - (1 - 0.4942) (1 - 0.8982) \\
 &= 1 - (1 - 0.244) (1 - 0.806) \\
 &= 1 - (0.756) (0.194) \\
 &= 1 - 0.1466 \\
 &= 0.8534
 \end{aligned}$$

The aforementioned calculations' outcomes yield a Q-Square (Q2) value of 0.8534. These findings suggest that 85.34% of the diversity in research can be accounted for by the research model. While additional factors outside the scope of this research model account for the remaining 14.76%. As a result of these findings, it can be said that the research model has a good match with the data. It has been accurately and predictively reconstructed.

6. P-Value

All variables in the study were declared to have a significant effect because they had a P-Value < 0.05 (5% significance).

Table 6 Path Coefficient

		Original Sample	Sample Means	Standard Deviations	t-Statistics	P- Values
Digital satisfaction	Marketing→Customer	0.362	0.335	0.134	2,703	0.007
Digital Performance	Marketing→Marketing	0.266	0.269	0.102	2,605	0.009
Price satisfaction	Perception→Customer	0.372	0.411	0.130	2,872	0.004
Price Performance	Perception→Marketing	0.632	0.625	0.102	6.174	0.000
Customer Performance	satisfaction→Marketing	0.112	0.115	0.048	2,342	0.020

Source: Data output processed from SmartPLS 3.0, 2022

According to Table 6 above, digital marketing significantly and favorably affects consumer satisfaction. The effectiveness of marketing is significantly and favorably impacted by digital marketing.

Customer satisfaction is significantly and favorably impacted by price perception. Price perception significantly and favorably influences marketing effectiveness. Customer satisfaction significantly and favorably influences marketing effectiveness.

B. Research Discussion

1. The influence of digital marketing on customer satisfaction

According to the study's findings, digital marketing significantly and favorably affects customer satisfaction. This implies that an increase in customer satisfaction is anticipated with every boost to online marketing activities. This study contradicts the findings of Khotim's study, Nia (2021), which found that online marketing does not significantly affect customer satisfaction.

2. Effect of price perceptions on customer satisfaction

The study's findings demonstrate that price perceptions have a positive and substantial effect on consumer happiness. Therefore, a price increase has no impact on whether a customer is satisfied. The findings of this study concur with Pamela's (2015) assertion that customers' perceptions of prices have a beneficial and substantial effect on their satisfaction.

3. The influence of digital marketing on marketing performance

The study's findings indicate that digital marketing has a positive and noticeable impact on marketing performance. This implies that a rise in digital marketing initiatives will have a direct impact on Home Laundry's marketing effectiveness. These findings are consistent with Mariana Dwita's research from 2021, which found that the use of digital marketing increased the marketing performance of tourism MSMEs in Toba Regency. Managerial ramifications can be used as an alternative strategy to increase the marketing performance of tourism MSMEs in Toba Regency using digital marketing media.

4. Effect of price perceptions on marketing performance

According to the study's findings, perceived price has a substantial and beneficial effect on marketing effectiveness. This means that the increase in the price of Home Laundry does not affect the marketing performance that has been carried out so far.

5. Effect of customer satisfaction on marketing performance

The findings indicated that customer satisfaction had a major and beneficial effect on marketing performance. This means that the increase in Home Laundry customer satisfaction will affect the marketing performance that has been carried out so far.

CONCLUSION

Based on the discussion of the output results, it can be concluded as follows:

The South Tangerang Region's Home Laundry's customer satisfaction is significantly and favorably impacted by digital marketing.

Customer satisfaction with Home Laundry in the South Tangerang Area is significantly and favorably impacted by price perception.

The marketing effectiveness of Home Washer in the South Tangerang Region is positively and significantly impacted by digital marketing.

The marketing effectiveness of Home Washer in the South Tangerang Region is significantly and positively impacted by price perception.

Customer satisfaction significantly and positively affects Home Laundry's marketing results in the South Tangerang Region.

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