ANALYSIS THE FACTOR OF CUSTOMER SATISFACTION IN SERVICE BUSINESS, CASE OF SPA BUSINESS IN BANDUNG

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Abstract. The purpose of this research is to basically identify which factors affects customer satisfaction after receiving a spa service treatment, thus later could produce a good recommendation for a similar business from the result of the research. Previous research shows there are four factors which affects customer satisfaction in spa services, which are service quality; perception towards the spa; perception towards the price; and perception towards the therapist. The respondents in this research are women who are aged between 18 to 50 years old and are currently living in Bandung and its surrounding area. The author uses questionnaire to obtain primary data and literature studies to obtain secondary data. Multiple linear regression is used for analyzing the connection between customers response and their satisfaction after having spa activity with the factors affecting it. The result of data analysis shows that from four factors that affect customer satisfaction, there are three factors that influence the customer satisfaction and one one factor that does not influence customer satisfaction. Result from the data analysis reveals that the perception of price is the most influencing factors because it has the biggest t-score in the t-test result (table 1.1). While perception of store is the one that not affect customer satisfaction because the t-score is less that t-table, therefore, the hypotheses is rejected. The other factors that influencing the customer satisfaction are perception of employee for the second and then the service quality for the third.

Keywords: Customer Satisfaction, Service Business, Spa Business

1. Introduction

Service businesses are growing rapidly as people have become more engrossed in their active and busy lifestyle, time has become a rare commodity and thus find it hard to fulfill tasks on their own. Unlike business activities that sells product, service business can not be seen physically and relies heavily on the quality of service given. According to Pritchett (1991), the first and highest priority in service business is having a good customer relationship. Besides having a positive manner, the service providers should make the customer feel special in service business. After setting the stage for a good relationship with the customer, the service provider still has to conduct the business. To manage the service transaction effectively, service providers should listen and understand, be helpful, and deal with the uniqueness of the situation.
Making a spa business has now become a trend in Indonesia since the service business itself become more profitable. The key to success in a service business is customer satisfaction. There is no physical product sold to the customer, so satisfied customer gives big impact to the feedback. From Anderson (1997), we know that the satisfied customer can decrease the time and effort devoted to handling returns, rework, warranties, and complaint management, while at the same time decreasing the cost of making future transactions. The level of customer satisfaction will eventually affect customers in making an overall assessment of the spa (Yoon Na Cho, 2009). Satisfied customer will have increased intention to repurchase, and this was also applied in the spa business.

The cost of generating a new customer is believed to be approximately six times the cost of keeping an existing customer (Rosenberg and Czepiel 1984). As a result, firms are refocusing their efforts on keeping existing customer rather than focusing entirely on generating new customers (Berry 1983; DeSouza 1992; Fornell 1992; Fornell and Wenerfelt 1988; 1987). Therefore, the customer satisfaction can be the reason of customer to have repetitive order decision. The customers who has repetitive order will become a loyal customer and affect the revenue.

Based on the researcher’s experience in running a service business, the customer’s trust is really important. It is because in service business, the customer can not see the service, they can only have an expectation before having the service. Everybody has their own taste especially in the perception of spa, whether they like the high pressure or slow pressure. Talking in the scope of perception, it is close to the customer satisfaction. On researcher’s business, each customer always has a different feedback about the treatment. It means that everybody has a different factor of satisfaction. That is why the researcher wants to know what is the most important factor of customer satisfaction. The result will then be applied in the author spa business.

2. Purpose of The Study
The purpose of this study is to know the factors behind customer satisfaction in service business especially at a spa business in Bandung area. After gaining the factors, the main purpose of the research is to know what is the important factor affecting customer satisfaction. As such, we can make a proper marketing strategy based on this research’s result, and can be applied for researcher’s business.

3. Literature Review

3.1 Service Definition
Essentially, there is no exact definition about service; it actually varies from one to another; as service is different from goods, it has been difficult to define. The way in which services are created and delivered to customers is often hard to grasp since many inputs and outputs are intangible. As such, services can be considered as a ‘residual’ that embraced everything else that was not included in the primary (extractive) or secondary (manufacturing) sectors of the economy (Bryson, J. R., Daniels, P. W., 2007: 10).
According to Bryson and Daniels, there will be two main categories of service; first the output of a service is ephemeral or non-material (for example, a lecture or theatrical performance) and second, the production and consumption of a service occur simultaneously. There are obvious difficulties with both these categories: some services are not ephemeral and do have materiality (soft-ware, or even a haircut) and some can be stored (software, servicing of a machine).

As explained by Barcet and Bonamy (1999) and Bryson and Daniels (2007: 28) the value of services is in their effects, which are often long term, but which are difficult to measure and even to evaluate, and which in special cases consist of impeding undesirable events (for example, police services) or of reducing some costs. We had better not too distracted by the search for a precise definition of services. It is certainly an important activity for those involved in measuring the economy to pay attention on the growing of economy through service business productivity.

3.2 Spa Business
According to Cheung B.C. (1994: 14), in the past five decades, the popularization of plane traveling has stimulated the exponential growth of tourism industry. The booming tourism industry, in turn, has boosted the expansion of the hotel industry in a way the latter has never experienced before. The thriving hotel industry has drawn entrepreneurs and corporations to build and manage many individual and chain hotels in America to meet the ever growing demands coming from the leisure and business travelers.

Yet the hotel business is not an exception to Darwinism – survival of the fittest. Competition in the luxury hotel segment perhaps is the most eye-catching, and in different times different types of new facilities have been introduced by these luxurious hotels to compete in the market. For example, in the 1960s and 1970s, no resort/hotel could claim or qualify as a 4- or 5-star property if it did not have a swimming pool and a gymnasium; in the 1980s it was a business center that every deluxe hotel had to offer; in the 1990s a trendily designed food and beverage outlet became a very useful marketing tool for a luxurious property to compete in the market; and in the first decade of the new millennium, it was a spa that every upscale resort/hotel had to have.

In the 1980s, as discussed in the last chapter, when formulating strategies and concepts to compete in the market the idea of a spa seldom came across the minds of hoteliers, analysts and consultants. Even if it did, spas would be viewed as a cost center and that the chances of making money were dim. Spa operation, to sum up, was nothing but a loss leader (Monteson & Singer, 1992).

Yet the perception toward spa operation has changed since the early 2000s. Prompted by the strong wellness needs and healthy lifestyle that are practiced widely by baby boomers and learned from the successful stories of the U.S. destination spas, many full-service upscale resorts that built in the 1990s would incorporate a spa in their operations. Once these leisure travelers were exposed to the wonder of the pampering and healing effects of spas, they fell in love with the experience right away and began to take spas into consideration as one of the major criteria when selecting the next resort to stay (Azman & Chan, 2010; Chon & Singh, 1995; Ellin, 2002).

In short, a spa can be described as reflexology tool for the health and freshness of body, not ultimately for beauty occasion.

3.3 Customers Satisfaction
Kotler (1997) defines customer satisfaction as the customer’s feelings of pleasure or disappointment after comparing a product’s perceived performance with his or her expectations. One substantive outcome of consumer satisfaction that remains under-researched is actual repurchase behavior (Akhtar 2010).
Based on the previous study, there are four factors of customer satisfaction:

Service Quality
Customers are looking at how well the service goes well and they vote with their money. If the competitor service quality better, then your business lose the customer’s vote (Prichett 1991). The study from Solvang (2007) tells that service quality affected Solvang (2007) examined the effect of service quality on repurchase behavior in a retail environment. The study found that quality affected satisfaction, and satisfaction affected repurchase behavior indirectly through affective loyalty.

Perception of Store
The definition of a store image is argued to be useful if it predicts phenomena such as satisfaction (Demirgunes 2014). According to Yoon Na Cho (2009) the interaction between stores and customers involves role adaptation. This term means that each party has a standard role to play in completing a transaction. (Demirgunes 2014) stated that a positive image that is created against the retail store in the customer’s mind is highly important in protecting the current number of customers, increasing their frequency of buying and gaining new customers.

Perception of Employee
The service from employee of service business is ensuring customer satisfaction. The employee motivation and commitment toward a company will make a good service. The perception of employee consists of tangible and intangible parts. The tangible components include attributes, such as the number and appearance of employees (Bitner, 1990; Hartline, 1996; Parasuraman, Zeithaml, & Berry 1988; Rafaeli, 1993; Schneider & Bowen, 1985). The intangible component refers to performance of employees (Zeithaml, 1988).

Perception of Price
Voss et al (1998) found that the perceptions of price does affect the customer satisfaction. The customer could not give the valuation of the quality, but the perception of price will come first. The customer can also makes the price as the factor of customer satisfaction.

4. The Methods
The author will describes the systematic flows of the research methodology used in this study in order to a clear and strong research finding and results.
The data used in this research is both primary and secondary data. Primary data is original data collected by the researcher for the purpose of this research project. The data and information will be gathered by conducting a questionnaire from the target respondent, which is a woman with age 18-50 years old located in Bandung area. The questionnaire is using 5 point Likert scale (1=Strongly disagree, 5=Strongly agree) to test all variables on research framework. The full questionnaire is attached in the appendix and also asks about the demographic and customer's spa experience. For the secondary data, the author will gather data that are available from academic journals, books and internet.

5. Research Findings and Analysis

The data collection method in this study is using a questionnaire with of the total respondent is 162 people. The questionnaire has been spreaded online and offline way around Bandung area. The target respondents are women aged 18-50 years and have already done a spa treatment in a spa place in Bandung. The total respondents who have filled the surveys completely is 195. The data qualified is 162 out of 195 responses that can be analyzed. The tool that is used to test this research is Microsoft Excel and SPSS 23.0 for MAC. The elimination is done by examining the Z-score of each item with confidence interval 95% and Z-score ± 1.97.

5.1 Data Collection
All of the respondent has already done a treatment in a spa place/beauty salon. The first question of the survey is about whether the respondent has already done a spa business or not. From the beginning of data analysis, the researcher has separated the data in Microsoft Excel. The result is 162 out of 196 respondents have already done a spa treatment in spa place/beauty salon in Bandung.

Validity and Reliability
Using SPSS bivariate function to test the validity of each question. The item of each question can be valid when the r-value or Pearson’s correlation score is higher that r- table. The r-table for n=162 is 0.159 and the result shows that the entire item is valid.

From the theory we know that the variable will be reliable if the Cronbach’s Alpha is higher than 0.6 (Tavakol et all, 2011). The result of reliability test is shows that the entire item are also reliable.
Multiple Linear Regression Test

Table 1.1 T-test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
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<td>(Constant)</td>
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<td>.731</td>
<td>.153</td>
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<tr>
<td></td>
<td>Service</td>
<td>.100</td>
<td>.052</td>
<td>.164</td>
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<tr>
<td></td>
<td>Quality</td>
<td>.045</td>
<td>.054</td>
<td>.074</td>
</tr>
<tr>
<td></td>
<td>P. Store</td>
<td>.164</td>
<td>.048</td>
<td>.294</td>
</tr>
<tr>
<td></td>
<td>P. Employee</td>
<td>.225</td>
<td>.035</td>
<td>.421</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Level of Satisfaction

Table 1.1 is The Partial Test (t-test) which become the test to find out the correlation between each independent variables with dependent variable. From the table above shows the value from each independent variable toward the dependent variable. The results in the table 1.1 indicate that:

• Service Quality has t-value 1.909 > t-table 1.645 and the significant value of 0.059 that is less than 0.1. It means that H0 is accepted, the service quality significantly affect the customer satisfaction.

• Perception of Store has t-value 0.844 < t-table 1.645 and the significant value of 0.400 that is more than 0.1. It means that H0 is rejected; the perception of store doesn’t affect the customer satisfaction.

• Perception of Employee has t-value 3.435 > t-table 1.645 and the significant value of 0.001 that is less than 0.1. It means that Ho is accepted, the perception of employee significantly affect the customer satisfaction.

• Perception of Price has t-value 6.338 > t-table 1.645 and the significant value of 0.000 that is less than 0.1. It means that Ho is accepted, the perception of price significantly affect the customer satisfaction.

Final Equation

The final equation to see the factor of customer satisfaction from Service Quality, Perception of Store, Perception of Employee, and Perception of Price is:

\[ Y = 1.589 + 0.1 \text{ Service} + 0.045 \text{ P store} + 0.164 \text{ Employee} + 0.225 \text{ Price} \]

It means that price has the strongest influence of satisfaction rate of customer because the value of Bo of price is 0.225 and the highest value of Bo.

6. Conclusion and Recommendation

The result of the study is out of the four factors (Service Quality, Perception of Store, Perception of Employee and Perception of Price) that were analyzed, there is one factor that had no effect on customer satisfaction. Based on the calculation of the discussion, the three factors that influence customer satisfaction in spa business are service quality, perception of employee and perception of price.
The factors that mostly influenced on customer satisfaction is their perception of price. It has t-value (6.338) bigger than the t-table (1.645), and also the biggest t-value from the other variables. It means that the hypotheses about the customer perception of price is accepted. The customers are even willing to pay the highest price if the price is in accordance with what they get. However, the perception of price has a great relation towards the other two factors, perception of employee and service quality. Because when the customers obtain the service which is suitable to the price they pay, that is where the customer will feel very satisfied.

On the other hand, the only factor that didn’t affect the satisfaction is customer perception of the place. It can be seen from these results that today’s customers do not need a good place or a good atmosphere to be satisfied with a spa. Furthermore, the results of this study can be made several recommendations.

6.1 Provide a Spa Delivery Service
As the results indicated that the absence of a relationship between the perception of store to customer satisfaction in doing spa, it can be given a recommendation that a delivery service system is great to be applied in spa business. Because places for spa are no longer important to some people and they could be more comfortable when they make treatment in their place as an example in their own homes.

6.2 Provide Good Training for the New Therapist
To improve the quality of service, one of the main supports are the therapist as the perpetrator in every treatment. Then, the skill that must be mastered by a therapist is not only her ability to do the treatment, but also how they can communicate well to the customers. Each therapist definitely has different skills and comprehensions, so training with a different time period for each of them is needed. After that, make equalization at the end of the training so there will not be any significant differences between the therapist.

6.3 Overall Recommendation
Price is the most important factor that makes customers feel satisfied with the services of a spa service. Therefore, spa or similar business should make the right price because it will also affect customer satisfaction. They need to create a price that is appropriate with the condition of the place because the relationship between the price, quality and therapist are the executor of the treatment. An example of it is by providing a good quality service with affordable price. A good quality can be achieved when spa or other similar service business have qualified therapist. The performance of each therapist needs to be maintained in order to keep the service quality, there have to be evaluation continually. By having a good quality of service, spa business can decide the proper price with ease. The price shouldn’t be too high or too low, yet affordable and it matches the quality.

When the price and the quality meets, it will be easier for the marketing team to do their job as the customer trust is assured. From the result of this research it can be concluded from Figure 5.7 that most of the customers know the information of spa from their friends or relations. It means that within a spa business, word of mouth takes a big part on being the factor to increase new customers. Thus, when a spa or similar service business has applied the three factors which affect the customer satisfaction, it will be easier for that business to get customers.
References


Tavakol, Mohsen, and Dennick., 2011, Makin Sense of Cronbach’s Alpha, *International Journal of Medical Education.*
