Research Paper   Open Access

The Effect of Service Quality and Discount Rate on Loyalty through Customer Satisfaction at Emeralda Golf Club, Depok City

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ABSTRACT: This study aims to identify and analyze the determinant factors that influence customer loyalty. The sample technique used in this study uses judgment non-probability sampling, namely purposive sampling using several criteria that the researcher determined at the beginning of the study. The sample used was 109 people. While the analysis technique used in this study is to use path analysis. The research results obtained: (1) service quality affects customer loyalty; (2) the discount rate affects customer loyalty; (3) customer satisfaction affects customer loyalty; (4) service quality influences customer satisfaction; (5) the discount rate affects customer satisfaction; (6) customer satisfaction affects loyalty through customer satisfaction; (7) the discount rate affects loyalty through customer satisfaction. So it can be interpreted that the use of customer satisfaction variables is a good intervening variable in explaining the variation in effect between service variables and partial discount rates on customer loyalty either directly or indirectly.

KEYWORDS: *Customer loyalty, service quality, discount rate, customer satisfaction.*

I.   INTRODUCTION

In the era of globalization, technological developments have resulted in increased competition, especially in the service and product business sector. Many companies offer quality products and services and are able to compete in the market (Tjiptono & Gregorius, 2012). In line with the progress and development of the business world as it is today, it will increasingly reflect a highly competitive business situation, where the success of this competency is determined by market anticipation and quick response to any changing needs and consumer behavior.

The biggest challenge for golf course service providers is the increasing number of new competitors, especially the challenge of increasing the NOP (number of players) or the number of golfers, both frequent visitors and new players. In meeting these challenges, efforts are needed to improve service quality (Lupiyoadi & Hamdani, 2017; Griffin, 2015) and provide discount rates (Sutisna, 2018) to encourage players to come, because the more discounts offered, the more they will minimize their expenses.

Golf course providers must be able to compete with their competitors in providing quality services that have an impact on customer satisfaction and loyalty. A golf course provider is said to be successful in winning business competition, if they are able to provide better products and services than their competitors, while being able to adapt to any environmental changes, (Brady & Cronin, 2016).

Emeralda Golf Club is a golf course provider company that always tries to improve the quality of its service to satisfy its customers. Customer satisfaction in question includes all service lines, both from field services and services at club houses (locker rooms, restaurants, registration, porters and bag drops). If customer satisfaction has been achieved, it will create an attitude of loyalty from customers, where golfers have a tendency to make reservations again at the Emeralda Golf Club.

Brady & Cronin (2016), stated that service quality is a reflection of consumer evaluative perceptions received at a certain time. Service can also be interpreted as the behavior of producers in order to meet the needs and desires of consumers in order to achieve satisfaction for the consumers themselves. From every service provided to customers, usually the customer will evaluate the products and services that have been

received and from the results of the evaluation process carried out, the customer will be able to judge whether or not he is satisfied with the products and services he gets.

Sutisna (2018), mentions the discount rate as a strategy in marketing by providing a product price reduction from the normal price within a certain period. Golf course managers are required to always innovate in determining rates and provide good service to customers in order to build trust and loyalty because customer satisfaction is everything. Especially now that many new golf courses have started to open services in the Jabodetabek area, especially Jakarta and Bogor.

Customer satisfaction directly affects customer loyalty. Lupiyoadi & Hamdani (2017), stated that a high level of customer satisfaction can increase customer loyalty and prevent customer turnover, reduce customer sensitivity to price, reduce marketing failure costs, increase advertising effectiveness and improve business reputation. Griffin (2015), states that customer loyalty shows planned and repeated purchasing behavior, has specific prejudices about what is purchased and from whom the product is obtained. In line with the description above, it is expected that player loyalty can increase due to the satisfaction they feel due to good service quality and attractive discount rates from a golf course.

II. LITERATURE REVIEWS

Customer loyalty is a deeply held commitment to repurchase a preferred product or service in the future even though situational influences and marketing efforts have the potential to cause customers to switch (Kotler & Keller, 2017; Oliver, 2015). Griffin (2015) and Kotler & Armstrong (2018), there are several indicators that can be used to measure customer loyalty: (1) make repurchases; (2) purchases between product and service lines; (3) refer to others; (4) exhibit immunity to the pull of competitors.

Service quality as a measure of how good the level of service provided is in accordance with customer expectations or a reflection of the customer's evaluative perception received at a certain time, (Tjiptono & Chandra, 2015; Brady & Cronin, 2015). Lakasana (2018) and Kottler & Armstrong (2018), there are several indicators that can be used to measure service quality including: (1) tangible; (2) reliability; (3) responsiveness; (4) assurances; and (5) empathy.

A discount rate is a price discount given by the seller to the buyer as a reward for activity at a certain normal price and from the buyer which is pleasing to the seller, (Kotler & Keller, 2017; Tjiptono, 2008). Sutisna (2002) and Lestari (2018), there are several indicators that can be used to measure the discount rate including: (1) the amount of the discount; (2) discount period; and; (3) types of products that get discounted prices).

Customer satisfaction is a customer's feeling of pleasure or disappointment that arises from comparing the perceived performance of products or results to their expressions (Kotler & Keller, 2017; Garpersz, 2016, Irawan, 2013). Hamdani (2017), Ratna & Aksa (2017), there are several indicators that can be used to measure customer

satisfaction including: (1) general or overall satisfaction; (2) confirmation of expectations; and (3) comparison with the ideal situation.

III. FORMULATION OF THE PROBLEM

1. In general, golf course service providers in Indonesia, in their pursuit of high growth, pay little attention to service quality and strategies to provide the best discount rates and satisfy their visitors. In fact, if viewed in the long term, service quality and discount rates have an impact on customer satisfaction and can be used as a strategy to win business competition.

2. The existence of almost the same facilities at every golf course, provides a wide opportunity for the public to choose which golf course they think can provide more services and discount rates according to the needs and desires of each customer. This has resulted in increasing competition in the golf course industry in attracting new players or potential customers.

IV. RESEARCH PURPOSES

1. Effect of service quality on customer loyalty.
2. Effect of discount rate on customer loyalty.
3. Effect of customer satisfaction on customer loyalty.
4. Effect of service quality on customer satisfaction.
5. Effect of discount rate on customer satisfaction.
6. The effect of service quality on loyalty through customer satisfaction.
7. Effect of discount rate on loyalty through customer satisfaction.

V. METHODS

This research uses quantitative methods and the type of research used is explanatory research with an association research approach, namely research that explains the influence of causality between research variables through hypothesis testing on the same data. The population in this study are employees at the Emerald Golf Club in Depok City. The sampling technique uses Slovin sampling with the judgment sampling method of probability sampling. The number of samples in this study were 109 respondents.
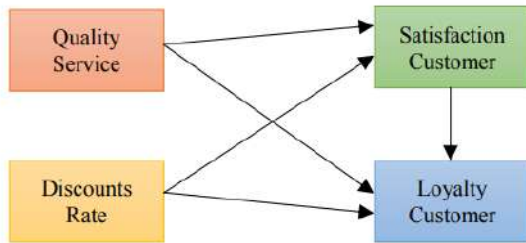
Image 1. Research design

VI. RESULTS AND DISCUSSION

1. Validity test

Code	Pearsons	R Table	Conclusion
X11	0.777	0.185	Valid
X12	0.693	0.185	Valid
X13	0.805	0.185	Valid
X14	0.755	0.185	Valid
X15	0.693	0.185	Valid
X16	0.761	0.185	Valid

Source: Primary data processed with SPSS version 26, 2023.

Table 1. Service Quality Validity Test

It can be explained that the service quality variable has a Pearson product moment correlation value greater than the value of r table df 109, sig 0.05, which is 0.186. This can be interpreted that the entire statement of the variable service quality is valid. Following are the results of testing the validity of the data on the discount rate variable, namely as presented below.

Code	Pearsons	R Table	Conclusion
X21	0.534	0.185	Valid
X22	0.662	0.185	Valid
X23	0.768	0.185	Valid
X24	0.701	0.185	Valid
X25	0.706	0.185	Valid
X26	0.708	0.185	Valid

Source: Primary data processed with SPSS version 26, 2023.

Table 2. Discount Rate Validity Test

It can be explained that the discount rate variable has a Pearson product moment correlation value that is greater than the value of r table df 109, sig 0.05, which is 0.186. It can be interpreted that the whole statement of the discount rate variable is valid. Following are the results of testing the validity of the data on the customer satisfaction variable, namely as presented below.

Code	Pearsons	R Table	Conclusion
Z1	0.608	0.185	Valid
Z2	0.625	0.185	Valid
Z3	0.723	0.185	Valid
Z4	0.612	0.185	Valid
Z5	0.701	0.185	Valid
Z6	0.660	0.185	Valid

Source: Primary data processed with SPSS version 26, 2023.

Table 3. Customer Satisfaction Validity Test

It can be explained that the customer satisfaction variable has a Pearson product moment correlation value that is greater than the value of r table df 109, sig 0.05, which is 0.186. This can be interpreted that the entire statement of the variable customer satisfaction is valid. Following are the results of testing the validity of the data on the customer loyalty variable as presented below.

Code	Pearsons	R Table	Conclusion
Y1	0.612	0.185	Valid
Y2	0.675	0.185	Valid
Y3	0.735	0.185	Valid
Y4	0.809	0.185	Valid
Y5	0.695	0.185	Valid
Y6	0.769	0.185	Valid
Y7	0.789	0.185	Valid
Y8	0.715	0.185	Valid

Source: Primary data processed with SPSS version 26, 2023.

Table 4. Customer Loyalty Validity Test

It can be explained that the discount rate variable has a Pearson product moment correlation value that is greater than the value of r table df 109, sig 0.05, which is 0.186. This can be interpreted that the entire statement of the variable customer loyalty is valid.

2. Reliability Test

Variable	Cronbach's	Decision
Service quality	0.842	Reliable
Discount rates	0.769	Reliable
Customer satisfaction	0.730	Reliable
Customer loyalty	0.872	Reliable

Source: Primary data processed with SPSS version 26, 2023.

Table 5. Reliability Test Results

It can be explained that the variables of service quality, discount rate, customer satisfaction and customer loyalty have a Cronbach's alpha value greater than the value of r table df 109, sig 0.05, which is 0.186. This can be interpreted that all the variables in this study are valid.

3. Test Path Analysis

Following are the results of path analysis testing on structure I, which are as presented below.

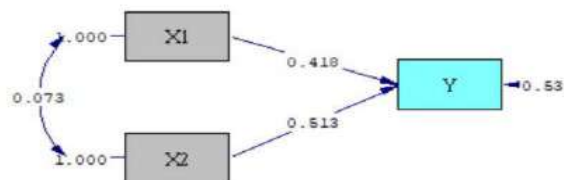| Variable	PathCoef	P Value	R2
Service quality	0.418	0.000	
Discount rates	0.513	0.000	0.469

Source: Primary data processed with SPSS version 26, 2023.

Table 5. Results of Path Analysis (Structure I)

It can be explained that the service quality variable has a p value of $0.000 \leq$ an alpha significance value of 0.05. This means that the service quality variable influences customer satisfaction. The beta coefficient value of 0.418 indicates that if the service quality variable increases by one unit, then the customer satisfaction variable will also increase by 0.418 times and vice versa.

Meanwhile, the discount rate variable has a p value of $0.000 \leq$ an alpha significance value of 0.05. This means that the discount rate variable affects customer satisfaction. The beta coefficient value of 0.513 indicates that if the discount rate variable increases by one unit, then the customer satisfaction variable will also increase by 0.513 times and vice versa.

The R square value of 0.469 can be interpreted that variations in the influence of service quality and discount rate variables can affect customer satisfaction by 0.469 or 46.90%. Meanwhile, the remaining 53.10% is explained by variations in other variables not included in the model and error values. Below is a summary of the results of path analysis testing on sub-structure I.

Source: Primary data processed with Smart PLS version 2.0, 2023.

Figure 2. Sub Structure I

Following are the results of path analysis testing on structure II, namely as presented below.

Variable	PathCoef	P Value	R2
Service quality	0.361	0.000	
Discount rates	0.455	0.000	
Customer satisfaction	0.299	0.000	0.681

Source: Primary data processed with SPSS version 26, 2023.
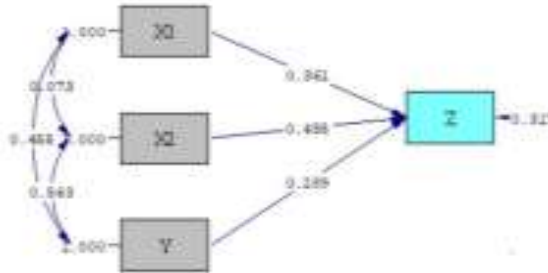
Table 6. Results of Path Analysis (Structure II)

It can be explained that the service quality variable has a p value of $0.000 \leq$ an alpha significance value of 0.05. This means that the service quality variable influences customer loyalty. The beta coefficient value of 0.361 indicates that if the service quality variable increases by one unit, then the customer loyalty variable will also increase by 0.361 times and vice versa.

The discount rate variable has a p value of $0.000 \leq$ an alpha significance value of 0.05. This means that the discount rate variable affects customer satisfaction. The beta coefficient value of 0.455 indicates that if the discount rate variable increases by one unit, then the customer loyalty variable will also increase by 0.455 times and vice versa.

The customer satisfaction variable has a p value of $0.000 \leq$ an alpha significance value of 0.05. This means that the variable customer satisfaction has an effect on customer loyalty. The beta coefficient value of 0.299 indicates that if the customer satisfaction variable increases by one unit, then the customer loyalty variable will also increase by 0.455 times and vice versa.

The R square value of 0.681 can be interpreted that variations in the influence of service quality variables, discount rates and customer satisfaction can affect customer loyalty by 0.681 or 68.10%. Meanwhile, the remaining 31.90% is explained by variations in other variables not included in the model and error values. Below is a summary of the results of path analysis tests on sub-structure I. Below is a summary of the results of path analysis tests on sub-structure II.

Source: Primary data processed with Smart PLS version 2.0, 2023.
Figure 2. Sub Structure I

After testing the hypothesis with path analysis using sub-structures I and II, the results of the total path analysis can be obtained, which are as presented below.
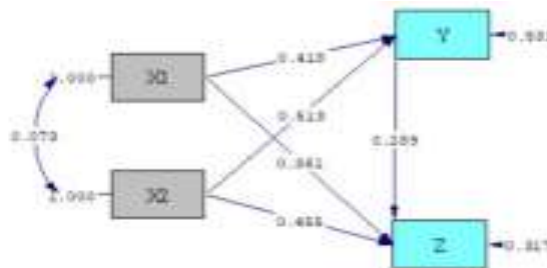
Source: Primary data processed with Smart PLS version 2.0, 2023.
Figure 2. Total Structure

Furthermore, tests were carried out to measure the level of ability of the customer satisfaction variable in mediating the service quality variable and the discount rate on customer loyalty partially, namely as presented below.

Source: Primary data processed with SPSS version 26, 2023.
Table 6. Customer Satisfaction in Mediation
Service Quality Against Customer Loyalty

It can be explained that the calculated t value (sobel test) is $3.217 \geq$ the t table value is 1.983. It can be interpreted that the variable customer satisfaction can mediate the direction of the influence of service quality variables on customer loyalty either directly or indirectly.

Source: Primary data processed with SPSS version 26, 2023.

 Table 7. Customer Satisfaction in Mediating Discount Rate Against Customer Loyalty

It can be explained that the calculated t value (sobel test) is 3.91 ≥ the t table value is 1.983. This can be interpreted that the variable customer satisfaction can mediate the direction of the influence of the discount rate variable on customer loyalty either directly or indirectly.

V. CONCLUSION

Based on the results of the discussion above, the research results obtained include:
1. Service quality affects customer loyalty.
2. Discount rate affects customer loyalty.
3. Customer satisfaction affects customer loyalty.
4. Service quality affects customer satisfaction.
5. Discount rate effect on customer satisfaction.
6. Service quality influences loyalty through customer satisfaction.
7. Discount rate affects loyalty through customer satisfaction.

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