

The Influence of Offering Discounts through Social Media and Service Quality on Customer Loyalty in Laundry Services (A Case Study of KEN'Z Wash House, Tangerang)

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Abstract

Laundry in the present era is concurrent with the increasing competition in similar businesses. In terms of advertising and service quality, customers have various options for different laundry services. Consistent marketing and high-quality services will result in satisfied customers. Customers will be more satisfied when a business meets or exceeds their needs. This largely depends on how well the staff members perform their tasks. Therefore, KEN'Z Wash House emphasizes greatly on evaluating the effectiveness of services to customers, determined by customer feedback. By providing surveys for customers to fill out, KEN'Z Wash House hopes to measure the level of customer loyalty. Survey questions have a strong correlation with promotion and the quality of services provided from the perspective of perceived customer loyalty. Findings from these surveys will be analyzed to determine the extent of the impact of price reductions on social media and consistently high-quality services. By understanding how well KEN'Z Wash House services relate to customer loyalty, the company can gain deeper insights into its customers' opinions regarding discounts offered through social media and the quality of services provided by its staff. This will enable the company to develop strategies that effectively enhance future performance and win back loyal customers.

Keywords: offering discounts, social media, service quality, customer loyalty, laundry services

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1. Introduction

People are paying less attention to household chores, such as ironing and washing clothes, due to their increasingly busy schedules. One of the contributing factors to the growth of companies offering laundry services—also known as dry cleaning, bulk laundry, or individual washing and ironing—is the busyness of society.

Laundry businesses must remain creative and innovative to survive amidst fierce competition with other businesses. This is due to the growth of the laundry industry. Promotion is one marketing aspect that can aid in business success. Promotion needs to be used as a medium with the hope of attracting customers. Discounts are one component of sales promotion. Kotler (2008:10) defines a discount as a reduction in price from the regular price that is typically applied. In this case, discounts undoubtedly attract customer interest and maximize sales volume.

Customer happiness, as stated by Fornell as cited by Rizko (2016), is the foundation for building loyalty and customer loyalty to goods and services. When the quality of service provided is adequate or even exceeds expectations, customer satisfaction can be achieved.

Customers will feel very pleased and loyal if the perceived performance exceeds their expectations. They will also spread the word to others about their positive experiences with the perceived performance. Meeting consumer expectations by demonstrating company achievements is a way to achieve this.

Customer loyalty can be defined as the quantity and regularity of a customer in obtaining goods or services from a business. Loyalty correlates positively with satisfaction, commitment, and trust. Acquiring new clients can be facilitated by having satisfied and loyal customers. Kotler (2005) asserts that retaining all current clients is cheaper and more profitable than acquiring new ones.

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In the city of Tangerang itself, there are already quite a few laundry businesses that are growing rapidly. One of them is KEN'Z Wash House, which has been established since 2009 and operates in both upstream and downstream laundry sectors. This business has started using social media marketing through WhatsApp Business, TikTok, Instagram, and Facebook to promote the brand image, various products, and services offered by KEN'Z Wash House. By utilizing both upstream and downstream laundry activities, it shows that the laundry business in the city of Tangerang is a very promising venture for its owners. Below is a map showing the spread of laundries that are starting to proliferate around KEN'Z Wash House located in the Cikokol and North Panungangan Districts:



Figure 1. Googlemaps (2023)

With numerous competitors surrounding KEN'Z Wash House and based on data indicating fluctuations in the sales of upstream laundry products and the revenue from laundry services, where there is inconsistency in marketing communication through social media and a lack of maintaining laundry service quality, leading to low customer satisfaction and loyalty. Based on the above phenomenon, the author is interested in conducting a thesis research entitled "The Influence of Offering Discounts through Social Media and Service Quality on Customer Loyalty in Laundry Services" (A Case Study of KEN'Z Wash House, Tangerang).

2. Literature Review

2.1. Price Reductions (Discounts)

In product sales, discounts are the most frequently used promotional tactic by companies to interact with customers (Chen et al., 2012). According to Belch & Belch (2009), discount promotions have several benefits, including influencing customers to purchase products in large quantities, anticipating competitor promotions, and conducting sales with significant capacity.

The following are indicators of price reductions:

- a) Product Type: This refers to the variety of discounted products available.
- b) Discount Size: This refers to the size or quantity of discounts offered by manufacturers during discounts.

c) The specified period during the discount is known as the Discount Period.

No item can be bought if no one knows about it, regardless of how great the item is, how attractive its appearance is, or how much profit it offers. A worthy product unknown to customers, even with a good price, will not succeed in the market. Effective infrastructure and facilities are needed for the public or customers to be aware of a product's existence. The first step in any promotional activity is introducing the product to customers. Promotion is the process of persuading customers to learn about what a company offers to them, which will make them happy enough to purchase the product.

2.2. *Social Media*

Through techniques such as blogging, microblogging, social networking, social bookmarking, and content sharing, social media marketing is a type of direct or indirect marketing aimed at increasing awareness, recognition, recall, and action towards a brand, company, product, individual, or other entity (Gunelius, 2011).

Through social media channels, businesses and individuals can reach a much wider audience than through traditional advertising methods by using social media marketing to promote their websites, goods, or services. According to some interpretations by experts, social media marketing is a type of advertising that utilizes online social media sites to promote brands, goods, businesses, individuals, or other entities in an effort to increase awareness, recognition, recall, and action. In 2019, Kusuma et al. mentioned that when using social media, pay attention to these four things: a) context; b) communication; c) collaboration; and d) connection.

The four (4) indicators of social media marketing are content creation, content sharing, connecting, and community building, according to Gunelius (2011). The use of social media can help businesses see different perspectives and analyze changes in consumer sentiment. This can provide businesses with the knowledge they need to survive when their market and reputation change (Ratana, 2018).

2.3. *Service Quality*

According to Tjiptono (2014:268), service quality is formulated as follows: "The definition of service quality centers on efforts to meet customer needs and desires and the accuracy of delivery to balance customer expectations". Tjiptono (2014:282) lists the following five characteristics as the main determinants of service quality: tangibles, empathy, responsiveness, reliability, and assurance. According to Kotler and Keller (2007:25), client perception of service quality is an overall evaluation of the excellence of a service. Service quality must start with customer demands and end with that perception, the excellence of a service provided.

2.4. *Customer Loyalty*

Griffin (2005) defines customer loyalty as the ability of customers to consistently repurchase from the same business, buy product lines and services from the same business, recommend the business to others, and show resistance to offers from competing companies.

In general, customer loyalty refers to a person's dedication to a particular product, item, or service. Customer loyalty is a sign and commitment to continue using a company's facilities and services provided to become a customer of a business and to continue doing business with it. Each consumer has a unique loyalty basis, which varies based on individual goals. According to Kotler and Armstrong (2005), customer expectations are gained from past purchasing experiences, recommendations from friends and family, and guarantees or details from competitors or marketers. It is the fulfillment of these expectations that leads to loyalty. Repeat orders, recommendations, loyalty, and positive reviews are signs of a loyal consumer base.

3. **Research Method and Materials**

The variables in this study will be elucidated using the following framework to understand the ideas for addressing the identified and formulated problems.

3.1. Research Hypotheses

After presenting several theoretical foundations above, the researcher conceptualizes the hypotheses of this study as follows:

- H1 : Price Reductions (Discounts) significantly influence customer loyalty.
- H2 : The use of social media significantly influences customer loyalty.
- H3 : Service Quality significantly influences customer loyalty.
- H4 : Price reductions, the use of social media, and service quality simultaneously significantly influence customer loyalty.

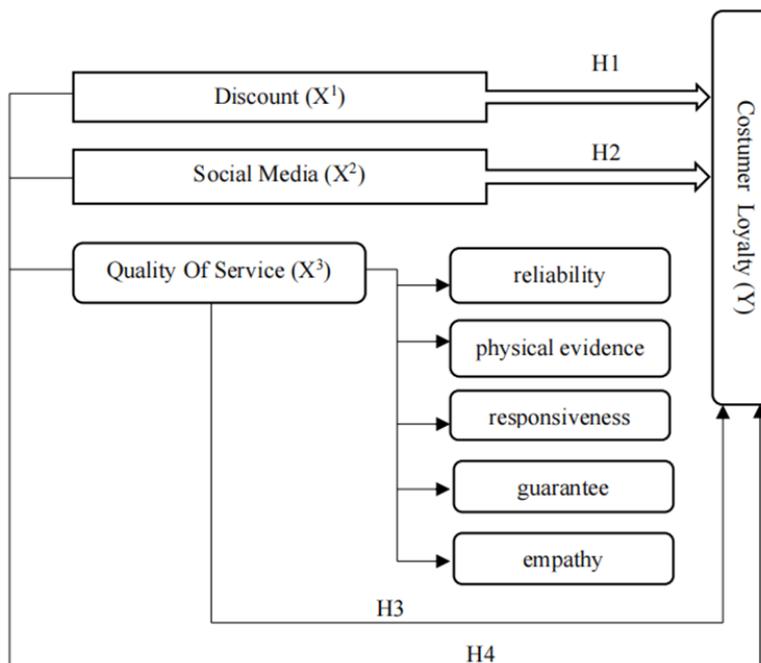


Figure 2. Research framework

3.2. Measurement Scale

The Likert scale used for the measurement in this study is 5:4:3:2:1. Sugiyono (2009) states that the measurement scale is an agreement used as a guide to determine the length of the intervals in the measuring instrument so that the measurement can provide quantitative results. Each answer to the questions given to respondents - strongly agree, agree, neutral, disagree, and strongly disagree - is given a score in this study

3.3. Research Location

This research was conducted at KEN'Z Wash House laundry located next to Al-Hidayah Bona Mosque, Jl. Raya Bona Rt.04, Rw.07, Cikokol, Tangerang. The reason for selecting the research location at KEN'Z Wash House laundry is to determine the extent to which the promotion strategy through price discounts via social media and the quality of service provided to customers influence customer loyalty.

3.4. Population

The population of this study consisted of 34 individuals, comprising all customers who use KEN'Z Wash House laundry services once a week or even twice a week, customers who have been loyal for more than 5 years, and customers whose WhatsApp numbers are already stored in the customer data entry. The entire population in this study was taken as a sample using the census or saturation sampling method. This is often done when the population

size is relatively small, less than 30 individuals. This method requires all members of the population to be included as respondents or samples (Sugiono, 2010:96).

3.5. *Sample*

According to Kerlinger and Lee (2000), 30 individuals are the minimum sample size in quantitative research, and Klein (1986) states that the most important factor in adjusting the sample size is sample representativeness.

3.6. *Types and Sources of Data*

Both primary and secondary data are the types and sources of data used by the author in this study.

3.7. *Data Analysis Method*

The data analysis method in this research is through a quantitative descriptive approach.

3.8. *Statistical Test*

This study employs multiple linear regression analysis due to involving three independent variables. The t-test is utilized in hypothesis testing to determine the extent to which independent variables influence the dependent variable. Additionally, the F-test is used to examine the combined influence of independent and dependent variables. The contribution of independent variables in influencing the dependent variable is also assessed using the coefficient of determination test.

4. **Results and Discussion**

Women aged between 19 and 60 years old constitute the majority of survey participants. Housewives and private employees are the majority of respondents, depending on their occupation

Table 1. Summary Output.

Regression Statistics	
Multiple R	0,838843068
R Square	0,703657693
Adjusted R Square	0,674023462
Standard Error	1,037366531
Observations	34

Table 2. ANOVA

	df	SS	MS	F	Significance F
Regression	3	76,6572969	25,55243	23,74476	4,54275E-08
Residual	30	32,28387957	1,076129		
Total	33	108,9411765			

Table 3. Statistical Calculation

	Coefficients	Std-Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-9,492478025	5,54628946	- 1,7115	0,097311	-20,81951222	1,834556
X1	0, 164000901	0, 14174164	1, 157041	0,256386	-0, 125474147	0,453476
X2	0, 163367203	0,079792589	2,047398	0,049463	0,000408996	0,326325
X3	0, 179054043	0,023839304	7,510875	2,26E-08	0, 130367689	0,22774

The regression from the statistical calculation is as follows:

$$Y = -9.49 + 0.16X1 + 0.163X2 + 0.179X3$$

The constant of -9.49 indicates that the variable Y (customer loyalty) remains constant at -9.49, or the same as the previous value, when the variables X1 (discount), X2 (social media), and X3 (service quality) are assumed to be equal to 0.

The regression coefficient value of X1 (Discount) at 0.16 indicates that there will be an increase of 0.163 in customer loyalty for every one-unit increase in the Discount variable (X1).

The regression coefficient value of X2 (Social Media) at 0.163 indicates that there will be an increase of 0.163 in customer loyalty for every one-unit increase in the Social Media variable (X2).

The regression coefficient value of X3 (Service Quality) at 0.179 indicates that there will be an increase in customer loyalty of 0.179 for every one-unit increase in the Service Quality variable (X3).

The combined regression coefficient value of the discount, social media, and service quality indicates that for each unit added to these variables, customer loyalty will increase by 0.502.

The results of the t-test in this study can be explained as follows:

If $t\text{-value} > t\text{-table}$ or if the significant value on the P-value < 0.05 , then H_0 is rejected and H_a is accepted.

If $t\text{-value} < t\text{-table}$ or if the significant value on the P-value > 0.05 , then H_0 is accepted and H_a is rejected.

4.1. Discount Variable

It was found that when the P-value (0.26) > 0.05 , H_a is rejected, indicating that there is no substantial and positive impact of the discount variable on customer loyalty, at least when the significance level is $0.000 < 0.05$.

Based on the research findings, it can be concluded that the magnitude of discounts offered by a company does not guarantee consumer loyalty. This is because consumer loyalty cannot solely be obtained through the magnitude of discounts alone, but rather influenced by various other factors such as company image, price perception, purchase intention, and promotions. It is possible that significant discounts may not foster consumer loyalty towards the company. While providing discounts is indeed important, it must be balanced with other factors within the company. These research findings are consistent with a study conducted by Satio (2014), which states that discounts do not influence consumer loyalty. This is because the magnitude of discounts offered by a company does not guarantee consumer loyalty, as loyalty cannot solely be measured by the amount of discount provided, but rather influenced by various supporting factors such as company image, price perception, purchase intention, and promotions. It is possible that high discounts do not foster consumer loyalty towards the company, but merely increase their purchase intention due to the significant discount provided by the company.

4.2. Social Media Variable

Considering the P-value (0.04) < 0.05 and $H_a < 0.05$, it can be concluded that the social media variable slightly enhances customer loyalty, with a significant level ($0.000 < 0.05$).

The results of this study indicate that the perception of the perfection of communication delivery in social media marketing significantly and positively influences consumer loyalty. Based on the obtained results, it is evident that higher consumer perceptions of media richness increase consumer loyalty. These findings are consistent with the research conducted by Passawung (2014), which states that media richness positively influences consumer loyalty. Media richness in social media is based on the communication goal of reducing ambiguity and uncertainty when information is conveyed (Kaplan and Haenlein, 2010). Through social media, ambiguity can be reduced. Additionally, media richness in social media can increase confidence in information and reduce ignorance. Discussions on social media help in obtaining much-needed information to support knowledge.

The results of this study show that the perception of self-presentation in social media significantly and positively influences consumer loyalty. The pattern of this relationship indicates that higher consumer perception values increase consumer loyalty. These findings align with the research conducted by Passawung (2014), which states that self-presentation positively influences consumer loyalty. Self-presentation can be defined as the desire to create a positive impression by influencing others and creating a consistent image associated with one's personality identity (Kaplan and Haenlein, 2010).

4.3. Service Quality Variable

Considering the P-value (0.0000000026) < 0.05 and H_a is accepted, it can be concluded that the service quality variable partially explains a significant positive effect on customer loyalty ($0.000 < 0.05$).

Based on the testing and analysis of service quality variables above, it is shown that in the regression analysis results of service quality, it can be concluded that service quality significantly influences customer satisfaction at KEN'Z Wash House.

Based on the data from respondents, who are customers of KEN'Z Wash House, the answers provided vary from strongly agree to disagree, but most consumers choose answers strongly agree and agree regarding questions about the quality of service provided by KEN'Z Wash House. And based on calculations and research conducted, it is proven that the service quality provided by KEN'Z Wash House has an influence on customer satisfaction, meaning that the better the service quality provided by KEN'Z Wash House, the more satisfied and loyal customers will feel and more interested in continuing to use KEN'Z Wash House services. This research is in line with the study conducted by Rahayu, S. R., Latief, F., & Asbara, N. W. (2022). The Influence of Service Quality on Customer Satisfaction with Indihome Services in Makassar, which found that service quality has a positive and significant effect on customer satisfaction.

The results of the F-test in this study can be explained as follows:

The F-value > F-table, or the significance value of F (0.0000000045) < (" $= 0.05$ ") with sig (0.000) < 0.05, as shown by the F-test hypothesis testing results. Therefore, H_a is accepted. This indicates how the improvement of service quality, discounts, and the use of social media have a positive and substantial impact on customer loyalty.

The coefficient of determination is tested, and the findings show an R-Square value of 0.704, or 70.4%. This indicates that Discounts, Social Media, and Service Quality have an influence of 70.4% on Customer Loyalty, with additional variables not covered in this study having an influence of 29.6%. The remaining 29.6% is influenced by other factors not covered in this study.

5. Conclusion

Based on the research findings, several conclusions can be drawn as follows:

Price discounts do not significantly influence customers' decisions to use KEN'Z Wash House laundry services. Whether there is a discount promotion or not, customers will still utilize the services if they need them. Factors such as laundry being a primary necessity, urban dwellers prioritizing time and energy efficiency, and unfavorable weather conditions contribute to customers continued use of laundry services, even without discount promotions. However, when discounts are available at KEN'Z Wash House, customers also appreciate them as they reduce the burden of daily expenses, especially for housewives and tenants.

Social media also influences consumer behavior in using KEN'Z Wash House laundry services. With the presence of social media, customers no longer need to hassle to access information related to laundry services, whether it be bulk, unit, or dry cleaning. Additionally, social media facilitates business owners in introducing products and services offered by a business unit to everyone in the community who was previously unaware of its existence.

Service quality plays a crucial and primary role in building customer trust, which ultimately leads to customer loyalty. Several indicators of service quality significantly affecting KEN'Z Wash House customers' loyalty include friendly, polite, and honest service; consistent performance despite staff turnover; prompt response to customer requests and complaints; guarantees and win-win solutions provided by the owner and manager of KEN'Z Wash House in case of mistakes made by employees, whether intentional or unintentional; and ease of payment transactions in cash, transfers, or via QR codes.

Customer loyalty is the key to the success of service-based businesses in maintaining business sustainability. Retaining customers is indeed more challenging than acquiring new ones. However, continuous customer loyalty brings numerous benefits to a business unit or company.

And based on the aforementioned findings, the author suggests the following recommendations for the owners and managers of KEN'Z Wash House in the future:

The management of KEN'Z Wash House should always strive to maintain and improve service quality across the five variables to further enhance customer loyalty. This can be achieved by consistently evaluating work outcomes.

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