

THE INFLUENCE OF PRODUCT PACKAGING, PROMOTION, AND PRICE ON CUSTOMER SATISFACTION IN SURABAYA

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Abstract: In modern times, there are many Micro, Small, and Medium Enterprises (MSMEs) in the culinary field that compete in attracting customers to buy their products. The purpose of this study was to determine and explain whether there is an effect of Product Packaging, Promotion, and Price on Customer Satisfaction without the influence of Product Packaging, Promotion, and Price on Customer Satisfaction. The results of this research have a form of multiple linear equation regression. The partial T-test results obtained on the Product Packaging and Promotion variables show no significant effect on Customer Satisfaction because of the green economy era. This research uses quantitative descriptive research methods with the population of the Surabaya community and random sampling from the population on its own. The sampling used had 31 respondents. This research has normal data distribution, no heteroscedasticity, multicollinearity, and autocorrelation, which means that the three independent variables simultaneously affect the dependent variable.

Keywords: product packaging, promotion, price, green economy

INTRODUCTION

Nowadays, there are many business variations in the culinary field. Along with the rapid development of technology, the distribution and interest of customers are currently more dominant with everything contemporary and practical. Businesses in culinary, especially noodles and drinks are promising in addition to the flexibility of market reach ranging from children to adults. As a result, many small and medium-sized enterprises (MSMEs) established a focus on distributing food supplies to satisfy market demand. MSMEs have been an

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important foundation for Indonesia's economy, which is the solution for the massive recession experienced in Indonesia. Based on information from the Indonesian Ministry of Cooperatives and SMEs, MSMEs currently contribute 61.07% to GDP. Kedai Garasi is an MSME that focuses on selling food, including Nyemek Noodles and Pink Lava Viral. The product retailed at Kedai Garasi is favorable for children and adults.

Our perception and choice of labels affects the use of visual and advertising (such as packaging) (Velasco et al., 2020). Businesses can attain positive feedback by manipulating one or more variables, such as the color of the pack. In point-of-sale retail, products struggle to gain shoppers' attention. It is said that color can consciously and unconsciously sway an individual to buy a product. For this reason, an MSME needs to provide and present customers' needs and demands by providing excellent quality products & services. Business owners are also required to approach customers to understand their wishes. Thus, the customers feel satisfied and more willing to become regular customers.

Meanwhile, several factors may influence customer satisfaction, including product packaging, promotion, and price. Based on previous research (Swasty et al., 2018), the most relevant component in packaging design is the type of packaging (36%), as a function of packaging shape, then the graphic illustration/image on the packaging (34%), and the color of the packaging (25%). Despite the third most important ingredient in our pooling study, many existing studies underline the effect of color as a tool for purchase intention (Huang & Lu, 2016; Yu et al., 2018). On beverage products, Pink Larva Viral uses a plain glass plastic cup with a lid pressed with a machine press.

Meanwhile, the Nyemek Noodle food products are packaged in a white Styrofoam with a plastic base and a sticker of the Nyemek Noodle product on the outer covering. It also creates attractive, leak-proof product packaging that is safe to be taken and consumed anywhere. In addition to packaging, another factor that affects customer satisfaction is promotion. Besides packaging and promotion, prices can influence the degree of the client's contentment.

The appropriateness of a food or beverage price is a special assessment for customers. The price will affect sales because price increases that are sometimes illogical make customers reluctant to return to buy the products. Based on the observations of researchers, the prices provided by Kedai Garasi for Nyemek

Noodle and Pink Larva Viral products are reasonably priced according to the environmental factors in the sales location.

The project aims to identify whether there is an effect of Product Packaging (X1), Promotion (X2), and Price (X3) on Customer Satisfaction (Y) at Kedai Garasi Surabaya. From the explanation above, the conceptual framework and the proposed hypotheses are as follows:

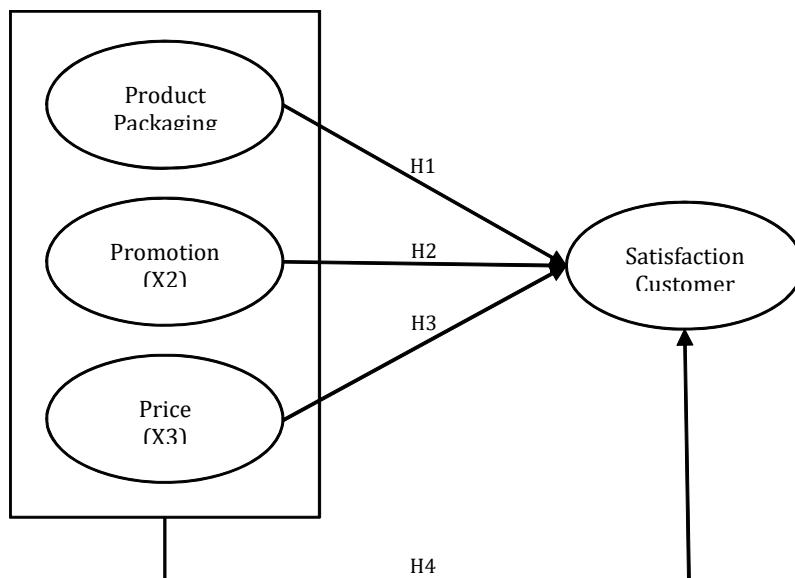


Figure 1 Concept Framework

The hypothesis submitted is as follows:

H1: Product packaging (X1) has a positive effect on consumer satisfaction (Y).

H2: Advertising (X2) has a positive effect on a customer's satisfaction (Y).

H3: Price (X3) has a positive effect on customers' satisfaction (Y).

H4: Product packaging (X1), advertising (X2), and price (X3) simultaneously and significantly influence customer satisfaction (Y).

METHOD

Sugiyono (2021) says that the methods of action are scientific approaches to discovering information with goals and objectives that meet the purposes and needs.

The method includes independent variables and a dependent variable, including product packaging (independent variable X1), promotion (independent variable X2), price (independent variable X3), and customer satisfaction (dependent variable Y). The sample is 31 respondents, who are customers of Kedai Garasi, Surabaya, for which the sampling approach used is purposive random sampling.

The primary data is collected by a questionnaire containing several questions with several indicators given to respondents. The questionnaire form is designed using a Likert scale of 1 to 5, where score 1 indicates the answer as Strongly Disagree (SD), 2 Do Not Agree (DA), 3 Moderately Agree (CS), 4 Agree (A), 5 Strongly Agree (SA). Meanwhile, the data analysis method used is multiple linear regression analysis, which analyzes the influence of multiple free variables. Linear regression analysis alone will identify the direction and impact of the independent variables on the dependent variable (Ghozali, 2018). Before analyzing the multiple linear regression, a validity and reliability test is carried out on each variable to determine the validity and reliability of the data. Next, a classical assumption test is conducted to test the normality, multicollinearity, heteroscedasticity, and autocorrelation and to ensure no abnormalities in the regression equation. All are known as classical assumption tests. The final step will be a hypothetical test, including a partial T-test to determine the influence of each independent variable on the dependent variable and the simultaneous F test of the three influential variables on the dependent variable.

RESULTS

Classical Assumption Tests

We are now stepping into a set of classical assumption tests. The aim is to verify the validity and reliability of the instrument in quantifying the expected research results. Confirming the validity and reliability of a particular data acquisition instrument is essential (Hazzi & Maldaon, 2015; Ismail et al., 2018). Once completed, further tests are conducted to ensure no symptoms of anomaly in the data.

This research obtained questions from each variable on the $r\text{-Count} > r\text{-Table}$ questionnaire of 0.367, meaning that each question is declared valid. The reliability test obtained via Cronbach's Alpha value must be above 0.60 to be

declared as reliable. Table 1 below shows that all variables are considered reliable.

Table 1 Reliability Test

Adaptable	Cronbach's Alpha	Dependable Statement
Packaging	0,764	Dependable
Promotion	0,892	Dependable
Price	0,648	Dependable
Customer Satisfaction	0,699	Dependable

The next test is a normality test to see whether the variables in the regression model are normally distributed. Normality tests can be done using the Kolmogrov-Smirnov test. If the Sig value > 0.05 , it is concluded that the variable data is normally distributed. According to the existing data in this experiment, the distribution is normal because the data plotted on the graph follows along the diagonal line.

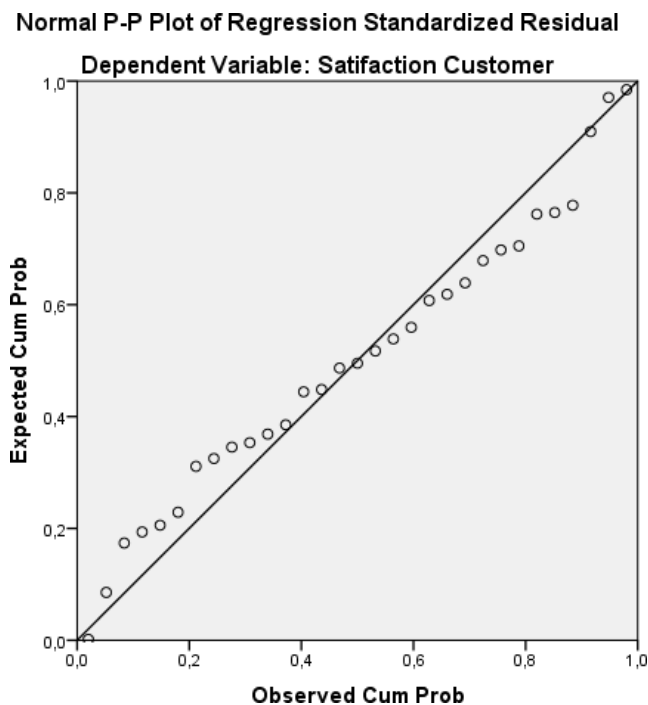


Figure 2 Normality Test of Plot Diagram

In the multicollinearity test, since the tolerance is > 0.100 and $VIF < 10.00$, the data is said to be free of multicollinearity symptoms, meaning that all data is linear. This research obtained a tolerance value of each variable > 0.100 and obtained a $VIF < 10.00$, which means that there are no symptoms of multicollinearity.

Table 2 Multicollinearity Test

Pattern	Coefficient Not Stimulated		Coefficient Not Stimulated	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constantly)	4,359	3,457		1,261	,218		
Packaging Product (X1)	,367	,287	,206	1,278	,212	,252	3,973
Promotion (X2)	-,234	,322	-,159	-,728	,473	,136	7,356
Price (X3)	1,135	,217	,885	5,218	,000	,226	4,428

a. Dependent Variable: Satisfaction Customer (Y)

Next, a heteroscedasticity test is conducted to check the possibility of data homogeneity. As the data points on the scatter plot are scattered over and below or over 0 and do not show a clear waviness or shape, the test shows symptoms of heteroscedasticity or is heterogeneous.

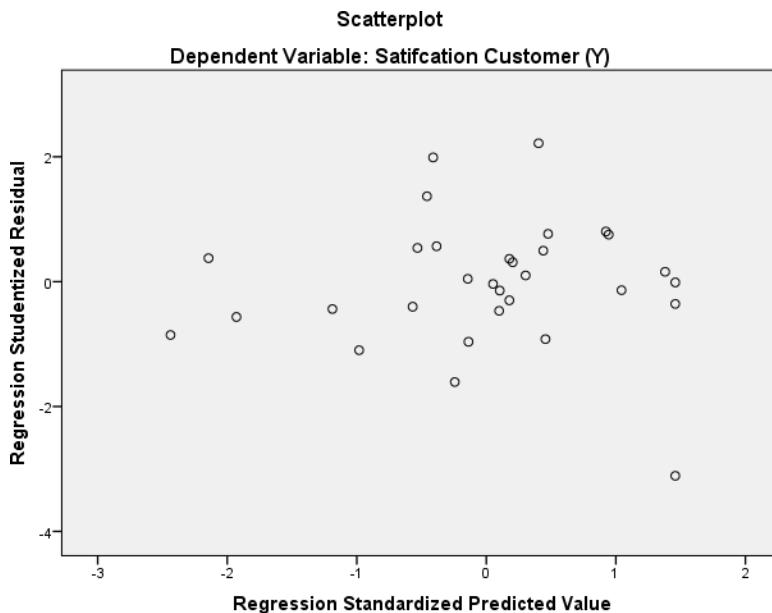


Figure 3 Heteroscedasticity Scatter Plot Diagram

In the next test, which is the autocorrelation test as seen in Table 3 below, the data shows no evidence of autocorrelation as the Durbin Watson value is within DU and (4-DU). This indicates that the data is not auto correlated with each other.

Table 3 Autocorrelation Test

Pattern	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin Watson
1	,908 ^a	,824	,805	3,08917	1,742

Hypothetical Tests

Table 4 F Test

Pattern	Sum of Square	df	Mean Square	F	Sig.
1 Pattern	1209,76	3	40	42,25	,000b
Residual	0	27		7	
Total	257,660	30			
	1467,419				

a. Dependent Variable: Satisfaction Customer (Y)^a

b. Predictors: (Constant), Price (X3), Packaging Product (X1), Promotion (X2)^b

The F test, where the results are shown in Table 4 above, aims to examine the influence between variables. The test shows that the F count value is $42.257 > F$ table value (which is 2.95), while the requirement to show that there is an influence of the three independent variables on the dependent variable is $0.00 < 0.05$. It can be concluded that variable X1, X2, and X3 simultaneously influence variable Y. So, the equation is $Y = 4,359 + 0,206X1 - 0,159X2 + 0,885X3$.

Table 5 T Test

Pattern	Coefficient Not Stimulated		Coefficient Not Stimulated	T	Sig.
	B	Std. Error	Beta		
(Constantly)	4,359	3,457		1,261	,218
Packaging Product (X1)	,367	,287	,206	1,278	,212
Promotion (X2)	-,234	,322	-,159	-,728	,473
Price (X3)	1,135	,217	,885	5,218	,000

a. Dependent Variable: Satisfaction Customer (Y)

Lastly, the t-test is conducted to check the partial influence of the variables. The result shows that the t-test of product packaging to consumer satisfaction is 0.212, which is greater than 0.05, and indicates that H1 is rejected. Promotion to consumer satisfaction shows 0.473 which is greater than 0.05, meaning H2 is rejected. Moreover, the price to consumer satisfaction is 0.000 which is smaller than 0.05; thus, H3 is accepted.

DISCUSSION

The hypothesis testing found that product packaging has no influence on product satisfaction, where the analysis result shows that the score is $0.212 > 0.05$ meaning that product packaging does not influence the customer. The finding is consistent with research conducted by Aliyah & Istiyanto (2022) which states that price and packaging have no influence on customer satisfaction. On the other hand, the hypothesis test analysis for promotion (X2) shows a significant value of $0.473 > 0.05$, meaning that the hypothesis is rejected, or the promotion variable does not influence the dependent variable of customer satisfaction. This is consistent with a study conducted by Witkowska (2018), which shows that packaging with a similar color is more likely to be purchased. This study advances marketing insight on the use of color combinations, while other studies tend to focus more on the hue alone. Since consumers analyze food packaging before purchasing the product, the findings of this study can be beneficial for SME food manufacturers to create better packaging designs as a promotional strategy to increase sales and customer satisfaction. The next hypothesis test results on the independent variable; price (X3), show that it has a significant value of 0.000, which is smaller than 0.05. This indicates that price has a significant effect on customer satisfaction and is in line with a study conducted by Maurencia et al. (2021). Furthermore, it corresponds to the claim that price is important because it is a vulnerable part for sellers and, especially, buyers.

Based on the above discussion, readers are hoping to understand how influential the three variables are when running an SME business. It is hoped that the study brings deeper comprehension of the benefits and usefulness of each

variable studied, and which variables are more relevant and important to be highlighted. This research is also expected to provide insight for Kedai Garasi Surabaya to emphasize the usefulness of packaging to meet the criteria in the green economy aimed directly at the customers. Especially as the product packaging still uses plastic-coated Styrofoam, which is not an environmentally friendly material. Likewise, Pink Larva products still use plastic cup packaging. To focus on promotion, Kedai Garasi Surabaya needs to expand its marketing and relationship to broader locations. It is hoped that people outside the Gayungsari area will know the products sold. Currently, social media has become an influential medium for the company to build relationships and to be recognized by a wider group of people. When more people know the product, the sales revenue might increase. The seller also needs to evaluate their prices to be more affordable and to extend the variety of flavors to meet the buyer's needs & wants and increase customer satisfaction.

Conclusions and Suggestions

The researchers consider three points to take as advice. First, Kedai Garasi needs to change its packaging material from Styrofoam to more environmentally friendly packaging, such as biodegradable paper boxes. A sticker on the boxes will also be beneficial as it serves as an identification that the product is purchased from Kedai Garasi and other people can acknowledge the existence of Kedai Garasi Surabaya. The owner should consider promoting their products through online media, such as Instagram, commercial blogs, Facebook, etc. This can introduce the existence of Kedai Garasi Surabaya to a broader audience.

For future studies, it is advised that the number of samples should be increased to make the study more relevant and accurate. The authors believe that this research is far from perfect and needs to be improved with additional details to provide the best solution to the problems experienced, especially for Kedai Garasi in Surabaya which sells food "Nyemek Noodles and Pink Larva Viral". It is expected that further studies be conducted to examine deeper about packaging with environmentally friendly materials as a dedication to the community.

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