# The Role of Service Marketing Mix and Ship Service Quality towards Perceived Value and Its Impact to Ship Passenger's Satisfaction In Indonesia

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THEROLEOFSERVICEMARKETINGMIXANDSHIPSERVICEQUALITYTOWARDSPERCEIVEDVALUEANDITSIMPACTTOSHIPPASSENGERSSATISFACTIONININDONESIA

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*Keywords  : Service marketing mix, ship service quality, perceived value and ship passenger's satisfaction.*

## I. Introduction

Low understanding of service quality, specifically sea transportation service at the present has been deviated from its coverage on characteristic of dimension selection of service quality of sea transportation, service quality does not only provide the service dimension on punctuality, durability, reliability but also safety and environment protection. In the frame word to adjust with ship safety standard as determined on Law Number 17 of 2008 on Shipping, and environment, as stated on Chapter. VIII – safety and security of shipping part one general article 116 (1): safety and security of shipping includes safety and security of transportation in sea, ports and Maritime protection.

Part 4 of Maritime environment protection article. 123: Maritime environment protection is the condition of fulfillment of Procedures and preventing requirements and controlling pollution from the activity of: (a) portship, (b) ship operating, (c) transporting waste, Hazardous and Toxic Materials within the sea, (d) dumping waste in the sea, and (e) ship recycle. As mentioned by Hawkins (2001) and Singapore Marine

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Port Authority (MPA) (2000) that the implementation of sea transportation service has 85% portion out of safety dimension at sea, environment protection such as corporate social responsibility and behavior of sea transportation service company. Similar statement also stated by Green Award (2004) that sea transportation service quality does not only involve safety dimension, trustworthy, and efficient but also behavior of corporate social responsibility and activity which care on safety and environment. The Ministry of Transportation, Directorate General of Sea Transportation has stated below program to increase: (a) the role as trusted partner to sea transportation business to support National economic and public  welfare; (b).  safety and security in operating facility and infrastructure of sea transportation to support Road  Map  To Zero Accident and (3). To increase the quality of sea transportation and port service throughout Indonesia effectively and efficient (Directorate Generale of Sea Communication at sea, 2010).

Besides service quality, other very important variable is service marketing mix which is a good marketing strategy so that the offered service quality can be seen, heard, and bought by passenger by promoting, producing service product, distributing, fixing price, conveying service, there is a service process and physical evidence on marketing target. Service marketing mix is needed by sea transportation service as the beginning to make decision on how service marketing mix is positioned and what kind of market segment that  is targeted (Thai, 2008).

While Gronhold et al. (2000) conducted research to test the process of formation of customer's satisfaction by using Europian Customer Satisfaction Index (ECSI) Model. ECSI model showed that customer's satisfaction is influenced by image, customer expectation, software quality, hardware quality and value. The research of Mc Dougall and Levesque (2000)  has proven that customer's satisfaction is influenced by core quality, relational quality and perceived value. Based on the above background, then this research will test and produce the influence of service marketing mix and ship service quality towards

the perceived value on ship passenger satisfaction, in which analysis unit of this research is the ship passenger. Originality submitted on this research is the measurement of service quality without gap on sea transportation which measures directly without using ROPMIS dimension which are resource, outcome, process, management, image, and social responsibility corporate (Thai, 2008).

## II. LITERATURE REVIEW AND HYPOTHESES

Marketing is the main core of company to produce customer's satisfaction and customer's welfare for long term as a key to obtain profit. This is valid for companies which operate in service industry or for the companies which operate in non-service fields. While according to Lovelock and Gummeson (2004), service can be said as a system, which is service operation system, service delivery system elaborated in service marketing mix. Because in service operation system, service elements that are made are elements of service marketing mix, so as to the service delivery system of delivered service elements to the customers are elements of service marketing mix. Service marketing mix is controlled variables which can be used by company to influence consumer response from certain market segment who are targeted by the company Lovelock and Gummeson (2004) .

The tools of marketing mix or internal factors that can be controlled by company from marketing mix consist of 4 main components that are product, price, distribution and promotion, and in the progress there are 3 more added that are people, physical evidence, and process). The addition of these 3 elements are in line with the opinion of Valarie et al. (2009). According to Palmer and Ponsonby (2002), he said that marketing mix is divided into 7 Ps which are product, pricing, place, promotion, process, people, physical evidence. Service marketing mix needs another aspects that are : people, physical evidence, and process.

Consumer or customer chooses service provider based on their expectation and after consuming the service, they will compare it with that they have felt. If the service quality they consumed are far below their expectation, then the consumer will lose interest on such service provider and vice versa. Definition of service quality centralized to fulfillment of needs and demand of customer and also the certainty of delivery to balance customer's expectation. According to Kotler (2000), Kotler and Kevin (2009), and Lovelock and Gummesson (2004) service quality shall begin from the consumer needs and ended on consumer perception. Consumer perception towards service quality is an entire evaluation of consumer on the excellence of a service. The measurement used on service quality of sea transportation consists of 6

dimension which are: resources-related dimension, outcomes-related dimension, process-related dimension, management-related dimension, image/reputation-related dimension, and social responsibility-related dimension.

According to Petrick (2001), Petrick (2004), Yang and Peterson (2004) stated that perceived value plays a role in identifying consumer's satisfaction. Petrick (2001, 2002, 2004) stated that perceived value can be increased by adding value on service or decreasing the cost for sales and service usage. Petrick (2001, 2002, 2004) stated that perceived value is trade off between customer perception towards quality or benefit of product and sacrifiation conducted through paid price. Sweeny and Soutar (2001) stated that value dimension consists of 4 aspects which are: emotional value, social value, quality value value for money: utility gained from perception towards quality and expected performance over product.

Satisfaction is level of feeling of someone after civilizing the perceived performance/result with former expectation (Kotler and Keller, 2009; Kotler and Amstrong (2010). Satisfaction of a service is determined by importance level of a customer before using the service, compared to customer's perception after he felt the performance of such product. Consumer expectation on service gives framework towards measurement and product given by the Company. The impact of service quality perception towards Purchase Intensions, satisfaction influences intention to switch. Research result of Robert et al. (2003) found that the relation of marketing mix and service quality have different construction and different influence, and the relation of both shall be better to be construed as predictor with the intention to behave on service quality.

Moreover, findings of McDougall and Levesque (2000) stated that perceived value plays role in acknowledging consumer satisfaction. Findings of Tam Jackie (2004) explain that costumer satisfaction and perceived value significantly influence post-purchase behavior. Parasuraman and Grewel (2000) and Parasuramwan and Colby (2001) found that perceived value as a dynamic construct which consist of 4 type of values which are acquisition value, transaction value, in-use value and redemption value. Finding of McDougall and Levesque (2000) and Keiningham et al. (2007) that consumer perception on perceived value in form of money correlate positively towards consumer satisfaction. Based on theory study and above variables relation then the submitted hypotheses are:

H1. Service marketing mix partially affects perceived value,

H2. Service quality on ships partially affects perceived value,

H3. Service marketing mix and service quality on ships simultaneously affects perceived value,

H4.Service marketing mix partially affects passenger's satisfaction,

H5.Quality on ships partially affects passenger's satisfaction,

H6.Service marketing mix and service quality on ships simultaneously affects passenger's satisfaction,

H7.Perceived value affects passenger's satisfaction.

## III. Research Method

Based on the objective of the research, this research is intended to know the process of determination and implementation as well as to test the hypothesis of the influence of Service Marketing Mix, service quality towards perceived value as well as its impact upon ship passengers' satisfaction. Descriptive research intends to obtain description on implementation, service marketing mix, quality service, perceived value and ship passengers' satisfaction. Meanwhile, verificative research is conducted in order to know relation among variables through hypothesis analysis. To achive all of the above, the used research method is survey.

Collected data in this research consists of primary and secondary data. To achieve the first objective as analysis unit is the ship passengers of the route of Jakarta, Surabaya, and Samarinda in Indonesia which have been recorded as customers for 2 (two) years or minimum 4 x round trip. The selection of recorded ship passenger is conducted since the passenger experiences the impact of service quality, perceived value and satisfaction by themselves. The sample taken in this research amounts to 210, thus fulfilling the requirement to be managed by using the method of Structural Equation Modelling.

## IV. Result And Analysis

### a) Descriptive Analysis

Based on the response of passengers upon service marketing mix, the score value at the interval score 4-7 obtain an average score above 87.3, it illustrates that the respondents state that the application of service marketing mix of product, price, promotion, location, process, human resources, and physical evidence in general provide a high value and tend to very high. Meanwhile, the interval between 1-3 show an average score below 12.6. This means that only 12.6 of respondents state that the application of service marketing mix is still insufficient. Meanwhile, the response of passengers towards the ship service quality score at the interval of 4-7 obtain an average score above 84.02, this illustrates that the respondents state the quality of service of the ship is high and tend to very high. As for the interval between 1-3 show the average score below 15.97 means that the majority of respondents approximately of 15.97 state that service quality is still not good. This is due to the delivery of services at ships are still less suitable.

Meanwhile, the response of the passenger towards perceived value for the score at the interval of 4-7 obtain an average score above 88.01 for ship passengers at the functional score. This illustrates that the respondents state that passenger perceived value is very high. Meanwhile the average value of ship passenger in response to emotional value stands at 88.3 and above at intervals of 4-7, while for the interval between 1-3 show the average value of 11.98% below, meaning that the respondents who state that perceived value experienced by the respondents that is not unsuitable correspond only 11.98. Meanwhile, the response of passengers towards the ship social value at the interval of 4-7 obtain an average score above 81.4 meaning that there is a tendency that the passenger deems social value of the ship as sufficient.

Passenger responses towards ship passenger satisfaction score at the interval of 4-7 obtaines average scores above 84.02, it illustrates that the respondent express general satisfaction of the passengers give a high value even tend to very high. As for interval between 1-3 show the average score below 15.975%, this means that the majority of respondents at approximimately 15.97 state that they are not satisfied.

### b) Testing Hypothesis

To test the hypotheses, the result of path coefficient could indicate the causal relationship between those variables being examined. See Table 1 for that relationship.

Based on the Table 1, it can be concluded that: (1) service marketing mix does not have partially affects perceived value (H1 is rejected), (2) service quality on ships partially affects perceived value (H2 is supported), (3) service marketing mix and service quality on ships simultaneously affects perceived value (H3 is supported), (4) service marketing mix partially affects passenger's satisfaction (H4 is supported), (5) quality on ships partially affects passenger's satisfaction (H5 is supported), (6) service marketing mix and service quality on ships simultaneously affects passenger's satisfaction (H5 is supported), and (7) perceived value affects passenger's satisfaction (H7 supported)

## V. Conclusion

Based on the analysis of the research results described in the previous description, it can be concluded that shipping companies have optimized the application of service marketing mix, service quality, perceived value and satisfaction of passengers, this is seen in the scores that gathered at the score of 4-7. Service Marketing Mix does not partially affect perceived value, but service quality partially affecs perceived value. This means, service marketing mix does not prove that it will increase perceived value.

Meanwhile, service quality contributes the increase of perceived value. And service marketing mix and service quality simultaneously affect perceived value.

*Table 1:* Path Coefficient (Standardized And Unstandardized Regression)

| Hypothesis | CR Score | T Value (p<0.05) | Note |
|---|---|---|---|
| Service marketing mix partially affects perceived value | -1.394 | 0.163 | Non Significant (H1 rejected) |
| Service quality on ships partially affects perceived value | 2.700 | 0.000** | Significant (H2 supported) |
| Service marketing mix and service quality on ships simultaneously affects perceived value | 50.496 | 0.000** | Significant (H3 supported) |
| Service marketing mix partially affects passenger's satisfaction | 2.812 | 0.000** | Significant (H4 supported) |
| Service quality on ships partially affects passenger's satisfaction | 4.860 | 0.000** | Significant (H5 supported) |
| Service markeing mix and service quality on ships simultaneously affects passenger's satisfaction | 113.013 | 0.000** | Significant (H6 supported) |
| Perceived value affects passenger's satisfaction | 4.855 | 0.000** | Significant (H7 supported) |

**significant at alpha 5%

And service marketing mix and service quality influence the satisfaction of the ship passengers both partially or simultaneously. This means, service marketing mix and service quality of ships can jointly increase passenger satisfaction, perceived value directly affects the Ship passenger satisfaction. This means, the greater the perceived value, the higher the satisfaction of passengers is.

Shipping companies should implement good standards of service quality through the measurement of ROPMIS namely resources, outcome, process, management, image and social Responsibility. Identifying the attributes of the service to improve the crew (crew) through training. Every 2 or 3 years, the company changes the interior of the ship.

The company seeks to conduct socialization that sailing by ship has a prestigious social value by using "Let's Sail By Sea Ship Slogan". Provide maximum service, responding to passenger complaints, and conduct passenger satisfaction surveys. Developing services products performed by the marine transportation service company in accordance with the demand of the ship passenger. Analyze in determining the price to see the purchasing ability of passengers and the level of competition. Evaluate media which will be used so that promotional effectiveness can reach the target segment. Company perform its distributions to agents through ON LINE providers in the purchase of tickets and schedule of departure and arrival at destination.

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