THE INFLUENCE OF PRICE AND SERVICE QUALITY ON THE SATISFACTION OF ITALIAN TOURISTS (CASE STUDY PT. BALI PRIMA HOLIDAYS)

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A R T I C L E   I N F O

A B S T R A C T

This study aims to analyze the effect of price and service quality on the satisfaction of Italian tourists who buy Bali Round Trip tour packages at PT. Bali Prima Holidays. This consider uses quantitative strategies with information collection through surveys conveyed to 107 Italian traveler respondents. Data analysis was carried out using multiple linear regression with the help of SPSS software version 26. The findings demonstrated that Italian tourist satisfaction was positively and significantly impacted by price and service quality. The price variable has a t value of 16,088 with a significance of 0,000, while the service quality variable has a t value of 3,270 with a significance of 0,001. Simultaneously, price and service quality have a calculated F value of 652,061 with a significance of 0,000, which means that the two variables jointly affect tourist satisfaction with a contribution of 92,5% (Adjusted R2). This study concludes that increasing competitive prices and good service quality can increase Italian tourist satisfaction. It is recommended to PT Bali Prima Holidays to evaluate prices and improve modern facilities and equipment to increase tourist satisfaction.

1.   INTRODUCTION

Tourism is one of the most important sectors in the Indonesian economy, contributing significantly to state revenue, infrastructure development, and job creation (Yakup, 2019). Tourism consists of all government, corporate, and social activities involved in the organization, management, and provision of services to meet the needs of tourists. Tourism encompasses a variety of activities undertaken by tourists and facilitated by various facilities and services offered by communities, companies, and governments (Nugraha & Virgiawan, 2022).

Indonesia's tourism sector has been growing rapidly from year to year, showing that Indonesia has great tourism potential. Tourists who visit Indonesia are mostly for vacation purposes and some for business purposes. The growth of foreign tourist visits is quite high, making Indonesian tourism more developed. Bali is the main tourist destination in Indonesia that is most visited by foreign tourists. Bali is the world's most popular destination with an ever-increasing number of foreign tourists to the island, making it the most popular destination in Indonesia. Not only local tourists, even foreign tourists also do not stop to visit the island of Bali. It has been proven that domestic and foreign visitors to Bali continue to grow every year.

Bali Island is well-known for providing travelers with a range of attractions, including culinary, nature, and cultural tourism. Not only that, Bali is also famous for its hospitality and traditions. Therefore, Bali Island is visited by many tourists. The following table presents the number of domestic and foreign tourist visits to Bali in 2020 - 2023. The table is obtained based on calculations from (Badan Pusat Statistik Provinsi Bali, 2023).

Table 1. Number of tourist visits to Bali

No	Year	Domestic (Person)	Growth (%)	International (Person)	Growth (%)
1	2023	9.877.911	22,66%	5.273.258	144,6%
2	2022	8.052.974	87,21%	2.155.747	4226854,9%
3	2021	4.301.592	-6,408%	51	-99,995%
4	2020	4.596.157	-56,41%	1.069.473	-82,96%

The number of tourist visits to Bali in the last four years is illustrated in Table 1. Where the number of domestic and foreign tourist visits experienced a very drastic decline in 2020-2021 caused by the COVID-19 pandemic. In that year the number of domestic tourists visiting Bali reached 4.301.592 people in 2021 to be the lowest. Meanwhile, the number of foreign tourists reached 51 people in 2021 with a growth percentage of -99,995%. The increase in the number of tourists to Bali began to increase in 2022 - 2023. The number of domestic tourists in 2022 was 8.052.974 people and in 2023 was 9.877.911 people. Meanwhile, the number of foreign tourists in 2022 was 2.155.747 people and in 2023 was 5.273.258 people, which made the year experience an increase in tourist growth, both domestic and foreign tourists.

The increasing number of tourist visits makes Bali tourism grow and increase every year. Various tourists from the Asian Continent, European Continent, American Continent, and so on, come for various activities to the island of Bali. During 2023 there was a change in the travel pattern of foreign tourists to Bali. This change in travel patterns changes the main market share of Bali. In 2023 the market share of foreign tourists to Bali comes from the European flock of 1.4 million foreign tourists. This is slightly different when compared to conditions in 2019 which were mainly dominated by tourists from the Asian Continent. This happens because the duration of visit or the average length of stay of tourists from Europe is longer than Asian tourists.

The number of tourist visits from Europe to Bali increased by 47.9% from the previous year. According to the Bali Provincial Tourism Office, (2024) there are several tourists from the European Continent visiting Bali in 2023 as follows.

Table 2. Number of European Tourist Visits to Bali in 2023

No	Country	Visitors (Person)	Growth (%)
1	English	256.359	4,86%
2	French	208.253	3,95%
3	German	195.727	3,71%
4	Russia	144.104	2,73%
5	Dutch	121.116	2,30%
6	Italy	69.974	1,33%
7	Spanish	62.946	1,19%
8	Switzerland	34.701	0,66%
9	Denmark	33.436	0,63%
10	Poland	33.190	0,63%

The increase in the number of tourist visits has resulted in the development of tourism to be faster. Business actors compete with each other to gain market share, one example of a business that tourists need during their vacation is a travel agency. This tourism industry focuses on providing travel planning and organizing services. Travel agencies are the most important part of the tourism sector, selling tour packages to tourists either directly or indirectly (Talwar, 2006). According to R. S. Damardjati in (Hudiyani et al., 2019), a travel agency is a company responsible for organizing and organizing individual trips and stopovers, including the completeness of the trip, both domestically and abroad. One of the travel agents in Bali is PT. Bali Prima Holidays.

PT. Bali Prima Holidays, located at By Pass Ngurah Rai No.378 Sanur, Denpasar, Bali 80228 Indonesia, is one of the travel companies in Bali Island. The company was established in 2005 as the second branch of Pacto Ltd on the island of Bali. Pacto Ltd was established in 1967 with its head office located in Jakarta. PT. Bali Prima Holidays was designed from the beginning to offer a more exclusive experience for travelers with the largest inbound travel operator in Indonesia. The travel agency provides inbound tour services and handles mostly travelers from Europe (Italy, Switzerland, France, and Netherlands). With the European market share as the main market share of this company. Table 3 shows the number of tourists in the hands of PT. Bali Prima Holidays in 2023 as follows.

Table 3. Number of Tourists Handled by PT. Bali Prima Holidays

No	Country	Purchase (Person)
1	Italy	2.942
2	Switzerland	1.411
3	Dutch	567
4	French	514
5	Greece	209
6	Spanish	173
7	The Middle East	144
8	Japan	129
9	German	62
10	Belgium	48
11	English	39
12	United States of America	30
13	Austria	12
14	Finland	10
15	Czech Republic	9

European tourists, especially Italian, like long trip, such as round trip and overland tour. PT. Bali Prima Holidays has a variety of tourism products. Tour package products that are often purchased by Italian tourists at PT. Bali Prima holidays is a round trip. With a longer travel pattern, round trip tour packages are the choice for Italian tourists to buy packages from this company. The Bali Round Trip Package is a tour package that Italian tourists often buy at quite expensive prices. This package has a long trip duration, covering all parts of the island of Bali.

This research is about price and service quality on tourist satisfaction. Good service quality will increase customer satisfaction. Service quality is the difference between what the customer expects from the service provider before the service is provided and the customer's opinion of the service (Saleh et al., 2021). Meeting customer needs and desires and proper delivery can meet customer expectations (Pertiwi et al., 2022). Based on testimonials and reviews of tourists who have been served by this company, there are customer complaints such as: the price is too expensive, the service provided does not match the price offered, and the facilities are inadequate. Thus, researchers want to know the effect of price and service quality on Bali round trip tour packages towards Italian tourist satisfaction.

Price

Price is the relative cost that buyers must pay to buy certain goods or services, price is a component that affects customer satisfaction (Firmansyah & Se, 2019). Although consumer assessments of the price of a product may vary, customer satisfaction regarding the benefits of consuming goods or services is usually used as a measure (Manus & Lumanauw, 2015). According to (Limakrisna & Supranto, 2007) price is the main consideration for consumers when choosing goods or services. The effect of price on service providers can increase cash flow and profits (Shafei & Tabaa, 2016). By using the right pricing strategy, service providers can increase their sales as much as possible. Research conducted by Gallarza et al., (2019) shows that consumers are looking for products with high quality but low prices. In addition, according to Kaura et al., (2015) service providers must be careful when setting prices because high prices may be perceived as quality. Service providers must ensure that the quality of goods and services is comparable to the price offered. There are several dimensions that influence price increases. According to Schiffman & Kanuk, (2007), there are two dimensions of price, namely perceived price and referenced price.

Service Quality

Service quality is meeting the needs and wants of the customer while maintaining delivery accuracy to meet their expectations (Pertiwi et al., 2022). According to Kasmir, (2017) service is the action or action of a person or organization to make customers, coworkers, and even leaders satisfied. Service quality is considered good and satisfying if it is received or felt in accordance with customer expectations. Quality must be based on customer satisfaction, so it must meet the needs of current and future customers. This means that quality must be based on customer satisfaction itself (Panday & Nursal, 2021). There are several dimensions that influence improving service quality. According to Parasuraman et al., (1985) and Tjiptono & Chandra, (2011), Service quality has five dimensions: tangibles, reliability, responsiveness, assurance and empathy.

Tourist Satisfaction

Customer satisfaction, according to Huarng & Yu, (2019) is defined as a comparison between customer feelings and expectations after using products and services. According to Oliver in (Uzir et al., 2020) satisfaction also refers to the perceived difference between previous experiences, expectations, and performance felt by consumers after they get results that do not match their expectations so that dissatisfaction arises. In addition, customer satisfaction is one of the important factors that maintain long-term relationships between companies and their customers (Woratschek et al., 2020). Customer satisfaction comes from evaluating or assessing the products or services they use to meet their needs, where the performance matches or even exceeds expectations. There are several dimensions that influence increasing customer satisfaction. According to Tjiptono, (2009), there are three dimensions of customer satisfaction, namely conformity to expectations, interest in revisiting, and willingness to recommend.

2. METHODS

This kind of study is quantitative, and the Slovin formula is used to calculate the sample size. This study uses non-probability sampling techniques and purposive sampling methods. The location of this research was conducted at PT Bali Prima Holidays. The population in this study were Italian tourists who bought the Bali Round Trip tour package. Data collection was carried out by questionnaire method, with a total sample in this study of 107 tourists. Multiple linear regression is used in the data analysis process. The variables in this study are Price (X1), Service Quality (X2) and Tourist Satisfaction (Y).

3. RESULTS AND DISCUSSIONS

Results

The total respondents in this study were 107 respondents. 53 respondents were male (49.5%), and 54 respondents were female (50.5%). Responses from women outnumber those from men. This shows that Italian tourists who are the sample of this study are dominated by female respondents. Respondents aged less than 17 years were 8 people (7.5%). Respondents aged 17-29 years were 28 people (26.2%). Respondents aged 30-39 years were 42 people (39.3%). Respondents aged 40-49 years were 23 people (21.5%). Meanwhile, respondents aged 50-60 years were 6 people (5.6%). In this study, respondents aged 30-39 years were more than other respondents.

Table 4. Validity Test Results

No	Variable	Question Items	Correlation Coefficient	Description
1	Price (X1)	$X_{1.1}$	0,946	Valid
		$X_{1.2}$	0,879	Valid
		$X_{1.3}$	0,798	Valid
		$X_{1.4}$	0,952	Valid
		$X_{1.5}$	0,893	Valid
2	Service Quality (X2)	$X_{2.1}$	0,743	Valid
		$X_{2.2}$	0,840	Valid
		$X_{2.3}$	0,579	Valid
		$X_{2.4}$	0,840	Valid
		$X_{2.5}$	0,737	Valid
		$X_{2.6}$	0,849	Valid
		$X_{2.7}$	0,719	Valid
		$X_{2.8}$	0,648	Valid
		$X_{2.9}$	0,533	Valid
		$X_{2.10}$	0,736	Valid
		$X_{2.11}$	0,738	Valid
3	Tourist Satisfaction (Y)	$Y_{1.1}$	0,950	Valid
		$Y_{1.2}$	0,772	Valid
		$Y_{1.3}$	0,894	Valid
		$Y_{1.4}$	0,907	Valid
		$Y_{1.5}$	0,860	Valid

Based on Table 4, it can be concluded that all question items from the price, service quality and tourist satisfaction variables used in this study are valid.

Table 5. Reliability Test Results

No	Variable	*Cronbach Alpha*	Description
1.	price (X1)	0,938	Reliable
2.	Service Quality (X2)	0,907	Reliable
3.	Tourist Satisfaction (Y)	0,921	Reliable

Based on Table 5 above, it can be seen that all variables namely price, service quality and tourist satisfaction, have a Cronbach Alpha coefficient value above 0,60 thus, all of these instruments are reliable.

Table 6. Multiple Linear Regression Analysis Results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	1,207	0,543		2,223	0,028
Price	0,754	0,047	0,817	16,088	0,000
service quality	0,089	0,027	0,166	3,270	0,001

Based on Table 6 above, the multiple linear regression equation is as follows:

$Y = 1,207 + 0,754X1 + 0,089X2$

Based on the above equation, it can be interpreted as follows:

The constant value of 1,207 indicates that if the value of price (X1) and service quality (X2) are both zero (0), then tourist satisfaction (Y) will increase by 1,207 units.

The figure of 0,754 shows that price (X1) has a positive effect on tourist satisfaction (Y). This means that the better the price on the Bali round trip tour package, the higher the tourist satisfaction. Furthermore, the figure of 0,089 shows that service quality (X2) has a positive effect on tourist satisfaction (Y). This means that the better the quality of service on the Bali round trip tour package, it will increase tourist satisfaction. The regression analysis's findings support the notion that price (X1) and service quality (X2) have a positive effect on visitor satisfaction (Y). This implies that if the independent variable increases, the dependent variable will also increase.

Discussion

According to Table 6's data analysis findings, Price has a t-value of 16,088 with a significance value of 0,000 where the value is smaller than 0,05 so that the first hypothesis is accepted. Service quality has a t-value of 3,270 with a significance value of 0,001 where the value is smaller than 0,05 so that the second hypothesis is accepted. The results of this study can prove that the price and service quality variables of the Bali round trip tour package have a positive and significant effect on Italian tourist satisfaction at PT. Bali Prima Holidays. This assertion is consistent with the findings of Jati & Soliha, (2023), B & SUBAGIA, (2023), Indrasari & Press, (2019), Ariani & Yolanda, (2024) which presents research results in a positive direction where price and service quality variables are able to influence tourist satisfaction.

4. CONCLUSION

Taking into account the findings of the conducted research, it is obtained that the price and quality of service on the Bali round trip tour package are able to influence Italian tourist satisfaction at PT. Bali Prima Holidays in a positive direction. This is shown in the research results where the price and service quality variables have a calculated F value of 652,061 with a significance value of 0,000 where the value is smaller than 0,05. As for the results of the coefficient of determination test (Adjusted R2), Italian tourist satisfaction on the Bali round trip tour package can be explained by 92,5 percent by the price and service quality variables. While the remaining 7,5 percent is influenced by other factors that are not included in the research model.

It is hoped that the management of PT Bali Prima Holidays should evaluate the price referenced to be affordable and make improvements related to the equipment and facilities provided so that as much as possible using modern equipment and facilities, so as to increase the satisfaction of Italian tourists on the Bali round trip tour package at PT Bali Prima Holidays. For future researchers, it is recommended to develop this research by examining other variables that can affect tourist satisfaction, such as: brand image, location

and product quality. Furthermore, it is expected to expand the research location, so as to provide a more general view and be able to be implemented in general.

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