

# *Unpacking the Customer Experience: How Promotions, Knowledge, and Service Shape Behavior in Subway Surabaya, Indonesia*

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**Abstract--** The food and beverage sector was the largest contribution to the non-oil and gas processing industry's GDP during that time, accounting for 37.82% of the total. The growing diversity and range of gastronomic delights emerging in Surabaya has drawn the author's attention to the culinary industry, which concentrates on one particular kind of culinary enterprise, namely a restaurant called Subway. The American global fast-food restaurant chain Subway IP LLC, doing business as Subway, specializes in submarine sandwiches (subs) and wraps. A research study was conducted in Surabaya, with 190 Subway customers serving as the sample of respondents. Using the snowball method, the respondents were selected based on the traits of other respondents. Based on the data analysis, three hypotheses were supported.

**Keywords--** Promotion, Product Understanding, Service Quality, Customer Satisfaction, Behavior Intention

## I. INTRODUCTION

In the third quarter of 2022, the food and beverage industry grew by 3.57%, which was higher than the 3.49% growth during the same period the previous year ([www.kemenperin.go.id](http://www.kemenperin.go.id)). The food and beverage sector was the largest contribution to the non-oil and gas processing industry's GDP during that time, accounting for 37.82% of the total. In the fourth quarter of 2022, industrial operations containing food and beverages (restaurants, eateries, and the like) recorded growth of 7.8% each quarter (from q to q). Additionally, until the fourth quarter of 2022, the output of the food and beverage distribution industrial sector (restaurants, eateries, etc.) increased well year over year.



BCA

Figure 1.1 Data on the Growth of the Food and Beverage Supply Industry, Restaurants, and the Like 2011-2022

Source: [www.dataindustri.com](http://www.dataindustri.com)

The expansion of restaurants that are all across Indonesia is a clear indication of the food industry's commercial growth. Employees frequently purchase food at nearby restaurants rather than waiting to dine at home, which is supported by the lifestyle of those who work till night. They contend that the culinary industry is more promising because of this way of living. Additionally, every restaurant has unique features that may influence patrons to choose to eat there. The goods and services provided are what draw clients ([www.cnnindonesia.com](http://www.cnnindonesia.com)).

Restaurants still need to develop a number of strategies to maintain their image and continue to operate ([www.financedetik.com](http://www.financedetik.com)). The number of culinary companies that are currently developing is supported by the use of technology, unique product presentation, creativity, and high-level innovation, which are triggers for restaurants to be more competitive in attracting customers. The increasingly tight competition conditions are caused not only by the number of competitors but also by customers who frequently get bored with certain culinary delights.

The growing diversity and range of gastronomic delights emerging in Surabaya has drawn the author's attention to the culinary industry, which concentrates on one particular kind of culinary enterprise, namely a restaurant called Subway. The American global fast-food restaurant chain Subway IP LLC, doing business as Subway, specializes in submarine sandwiches (subs) and wraps. In 1965, Fred DeLuca and Peter Buck established the business in Bridgeport, Connecticut, under the name Pete's Super Submarines. After multiple name changes, it was christened Subway in 1972, and franchising activities began in 1974 with a second location in Wallingford, Connecticut. "Eat Fresh" was Subway's long-standing tagline, which was meant to convey that its toppings were, in fact, fresh. With more than 37,000 outlets throughout more than 100 countries and territories as of September 2023, it was the franchise with the fastest rate of growth in the globe in 2015. The United States is home to more than half of its locations (21,796 or 58.1%). It is the world's biggest restaurant operator and the biggest network of restaurants under a single name. Shelton, Connecticut is home to its global headquarters.

The author therefore made the decision to carry out this study in order to ascertain how customer satisfaction at the Subway Surabaya restaurant influences behavioral intention in relation to promotion, product understanding, and service quality.

## II. LITERATURE REVIEW

### A. Promotion

Kotler (2015) defines promotion as any communication activity that aims to influence the perception, attitude, or behavior of target customers regarding the products or services offered; Stanton, Etzel, and Walker (2015) define promotion as a form of

marketing communication that includes advertising, sales promotions, personal selling, and public relations, all of which are intended to inform and influence target customers; and Kotler and Keller (2016) define promotion as all communication activities that aim to provide information, influence, and build relationships with target customers through various promotional channels.

H<sub>1</sub>: Promotion has a significant effect on Customer Satisfaction.

### *B. Product Knowledge*

Kotler and Keller (2016) define product knowledge as the information that customers hold regarding the qualities, features, advantages, and attributes of the company's goods or services. Product knowledge, according to Stanton, Etzel, and Walker (2015), is the degree to which a customer is aware of how well a product or service works, how to use it, and what advantages it offers. Product knowledge, according to Philip Kotler (2015), is what customers know about the qualities, features, and advantages of a company's goods or services. Product knowledge, according to Armstrong and Kotler (2015), is what customers know about the features, advantages, and caliber of a certain good or service, as well as how it differs from comparable goods or services provided by rival companies.

H<sub>2</sub>: Product Knowledge has a significant effect on Customer Satisfaction.

### *C. Service Quality*

According to Tjiptono and Sunyoto (2012), quality is associated with settings, processes, people, goods, and services that either meet or beyond expectations. According to Kotler (2002), service is an activity that one party provides to another. Tjiptono (2011) defines service as a set of intangible actions that typically take place between customers and service providers, physical resources, products, or systems in order to address customer issues. Meeting customer wants and expectations and accurately delivering services that satisfy those expectations are two ways that service quality is demonstrated. According to Lovelock and Wirtz (2007), service quality is a long-term cognitive assessment of customers' attitudes toward the company's service delivery.

H<sub>3</sub>: Service Quality has a significant effect on Customer Satisfaction.

### *D. Customer Satisfaction*

One emotion that follows an encounter is satisfaction (Lovelock and Wirtz, 2011). Customers who compare service delivery to their expectations are said to be satisfied (Kotler, 2015). According to Saladin (2003), a customer's perception of how well a product or service performs in comparison to their expectations can be characterized as customer satisfaction. According to Zablah et al., (2012), customer satisfaction is a formulation carried out as a post-purchase evaluation, where the perception of the performance of alternative products and services chosen has the same perception or exceeds consumer expectations before purchasing. Lin et al. (2017) define customer satisfaction as the degree of satisfaction that consumers experience after evaluating a product's performance or relationship to their expectations.

H<sub>4</sub>: Customer Satisfaction has a significant effect on Behavior Intention.

### *E. Behavior Intention*

Ajzen and Fishbein (2015) define behavioral intention as the propensity or readiness to carry out a specific action or behavior in a particular circumstance. Schiffman and Kanuk (2016) define behavioral intention as an individual's willingness or intention to carry out a specific action or behavior that is impacted by both internal and external circumstances. According to Kotler and Keller (2016), behavioral intention refers to a person's willingness or intention to carry out a specific action or behavior based on their

assessment of the costs and advantages of doing so. According to Aaker (2017), behavioral intention refers to a person's willingness or intention to carry out a specific action or behavior that is impacted by situational, social, and psychological factors.

### III. RESEARCH ISSUES AND METHODOLOGY

#### A. Research Issues

The customer of the Subway in Surabaya are the study's population, and this research uses a quantitative technique. Non-probability sampling is the sampling method used, and a questionnaire serves as the main instrument for data collection. The individuals who will help distribute and complete questionnaires will be chosen using the "snowball sampling" technique. The study covers 190 clients of the Subway in Surabaya as its respondents based on the characteristics of the respondents. The research methodology is presented below:

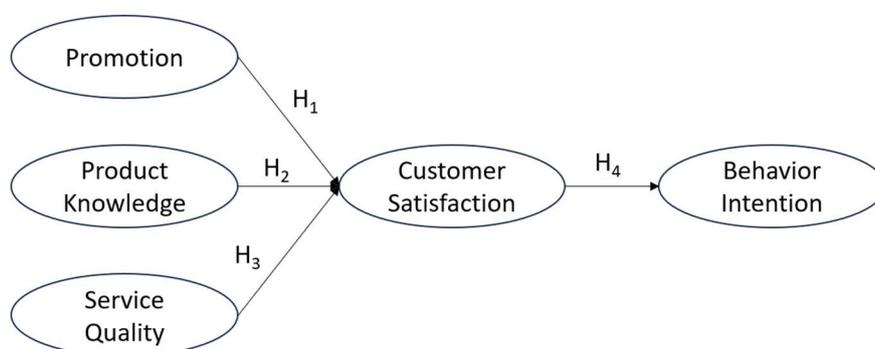


Fig.2. Research Model

#### B. Research Methodology

In research and statistics, sampling is a frequent method for learning about a population by looking at a sample of that group (Kabir, 2016). The size of the sample is decided based on statistical calculations to ensure an accurate representation, and samples are often picked at random to ensure that they are representative of the wider population. It is crucial to remember that if the sample is not accurately representative of the population, sampling techniques may add biases to the results. For instance, if a researcher only chooses volunteers from a particular social class or geographic area, the findings might not fairly represent the entire community. To guarantee that the results are accurate and reliable, great thought must be given to the sampling technique employed in every research project (Leavy, 2017).

For this study, non-probability sampling was employed as the sampling technique. The snowball sampling method was used, which allowed the author to choose respondents who would complete the questionnaire in order to collect data. The characteristics of the respondents in this study are as follows:

1. Male and female
2. Aged 18-60 years
3. Made at least one transaction at Subway in the past year
4. Reside in Surabaya

Structural Equation Modeling, or SEM, is the analysis method employed in this study. Structural Equation Modeling (SEM), according to Hair et al. (2014), is a multivariate technique that combines elements of multiple regression and factor analysis. This enables researchers to test several interrelated dependent relationships between the measured variables and latent constructs as well as between several other latent constructs at the same time. The benefits of SEM applications in management research include its capacity to measure theoretical relationship influence and validate the dimensions of a concept or component that is often utilized very frequently in management (Ferdinand, 2006). The software program AMOS 22.0 (Analysis of Moment Structure) will be utilized as an analytical tool to address research questions. Strategic management and marketing research both frequently use AMOS (Ferdinand, 2006).

#### IV. FINDINGS AND DISCUSSION

##### A. Findings

After the questionnaire was distributed, it was processed using AMOS, which displays the findings of respondents' answers to the questionnaire's questions, based on frequency calculations. With a range of 1 (lowest) to 5 (highest), a Likert scale is used to rate each question. Additional information regarding each variable's level of assessment is provided in Table 1.

**Table 1. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
x1	190	2.00	5.00	3.7842	.92626
x2	190	2.00	5.00	3.7105	.83912
x3	190	2.00	5.00	3.9474	.80827
x4	190	3.00	5.00	4.1316	.64122
x5	190	3.00	5.00	4.1158	.65648
x6	190	3.00	5.00	4.1526	.69226
x7	190	3.00	5.00	4.0158	.68604
x8	190	3.00	5.00	3.9000	.71677
x9	190	3.00	5.00	4.1579	.66374
x10	190	2.00	5.00	3.4579	.92914
x11	190	3.00	5.00	4.1684	.66113
y1	190	2.00	5.00	3.7789	.86286
y2	190	2.00	5.00	3.7579	.82572
y3	190	2.00	5.00	3.8053	.80932
y4	190	2.00	5.00	3.4421	.92257
y5	190	1.00	5.00	3.2947	.96908
y6	190	1.00	5.00	3.1368	.89809
y7	190	1.00	5.00	3.4947	.94699
y8	190	2.00	5.00	3.7158	.77886
Valid N (listwise)	190				

Upon receiving the completed questionnaires, respondent characteristic analysis was conducted. Figure 2 illustrates that the respondents who completed the questionnaires were primarily male, as man in Indonesia quite busy to work so eat Subway for their convenience. The survey participants were customers of Subway who resided in the Surabaya region and had its product. The data processing of all questionnaires utilized responses from 190 respondents. The results indicate that the responses are visible.

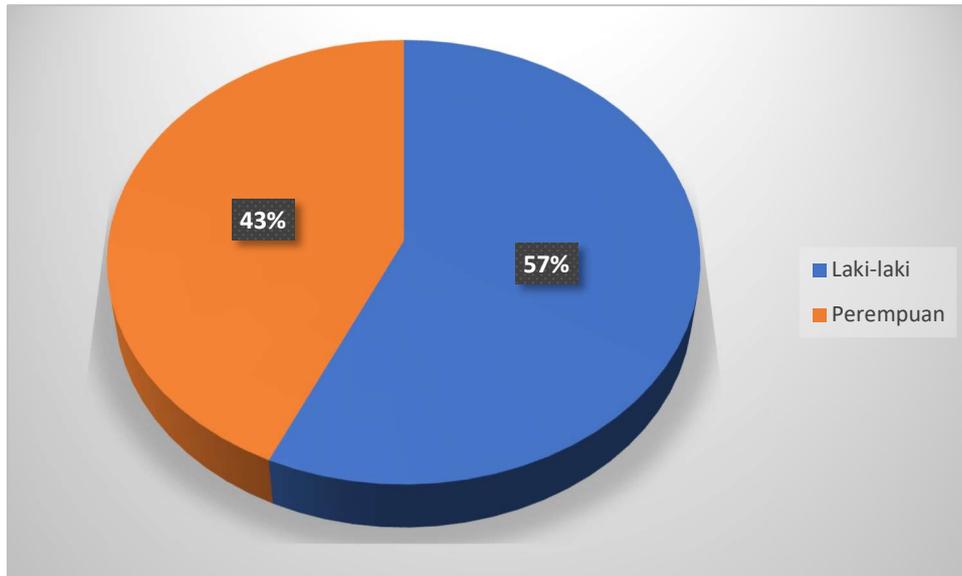


Fig. 3. Respondent Characteristic by Gender

Source: own calculation

The findings in Figure 3 reveal that respondents are predominantly aged between 18 and 30 years, with 86 respondents falling within this age bracket, followed by 72 respondents in the 30-45 age group and 32 respondents for 45-60 age group. This suggests that the majority of responders belong to the age segments of Generation Y which have busy daily life.

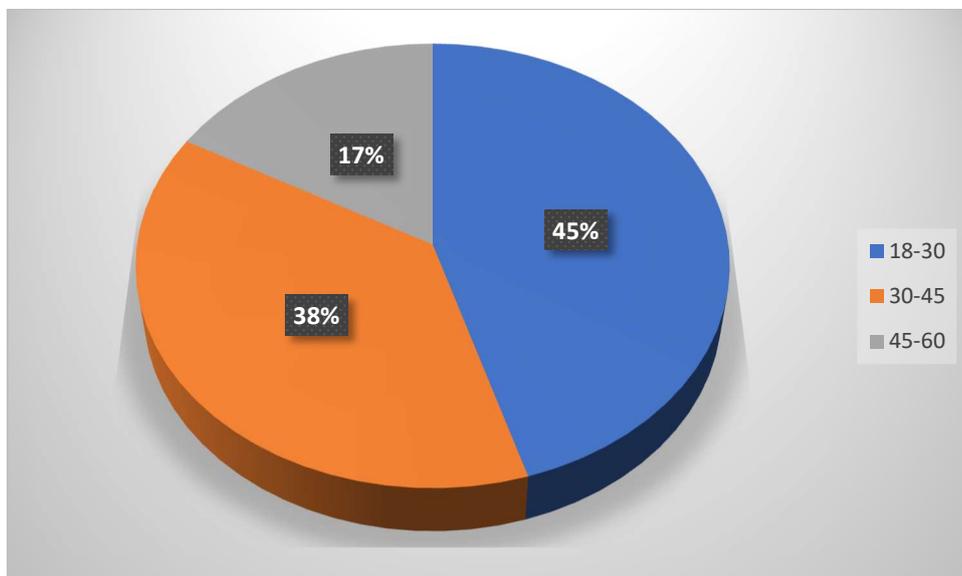


Fig. 4. Respondent Characteristic by Age

Source: own calculation

To determine how well the model and the retest data match, the entire SEM model can be examined and its goodness of fit assessed. The six variables in this model (Promotion, Product Knowledge, Service Quality, Customer Satisfaction, and Behavior Intention) are each represented by nineteen indicators.

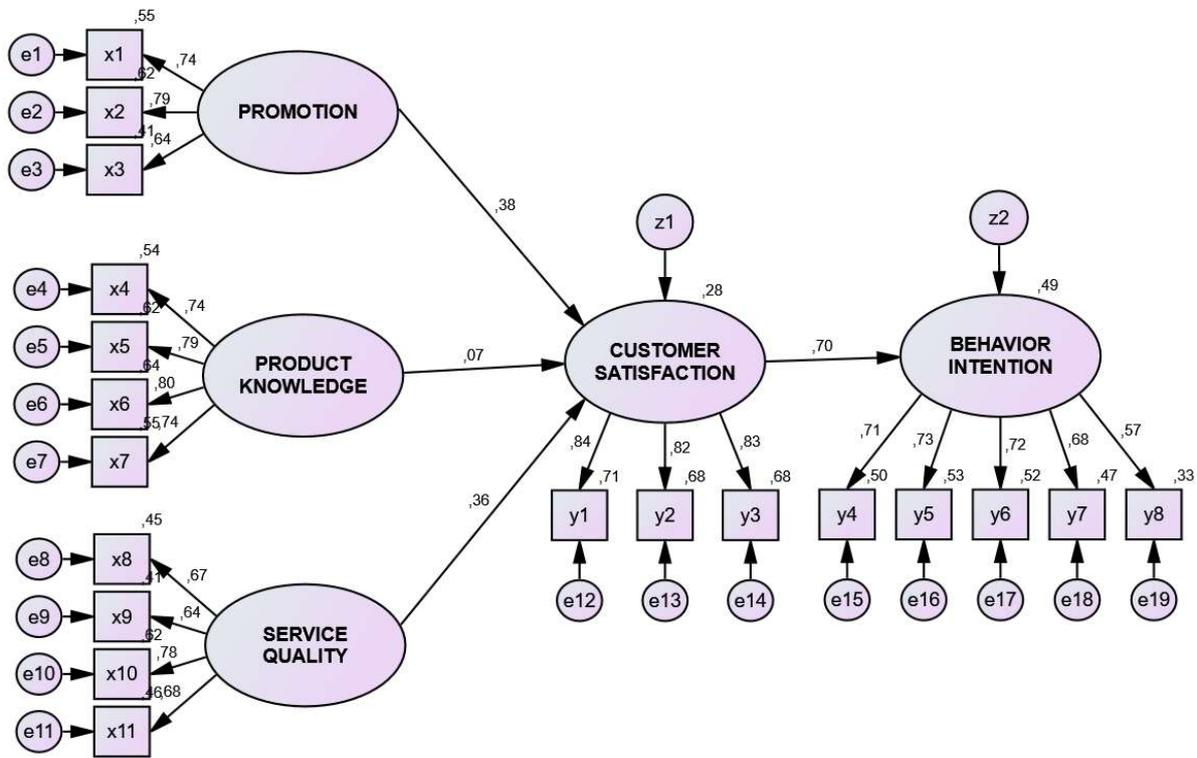


Figure 6. Structural Equation Model

CR. Value for each relationship between variables is shown in Table 2. The causal relationship Promotion, Service Quality, Customer Satisfaction, and Behavior Intention all have a significant causal relationship which is indicated by the C.R. value. above 2.00, except Product Knowledge.

**Table 2. Regression Weights: (Group number 1 - Default model)**

			C.R.	P	Std. Estimate
CUSTOMER_SATISFACTION	<---	PROMOTION	3,354	***	0,382
CUSTOMER_SATISFACTION	<---	PRODUCT_KNOWLEDGE	0,656	0,512	0,071
CUSTOMER_SATISFACTION	<---	SERVICE_QUALITY	3,082	0,002	0,362
BEHAVIOR_INTENTION	<---	CUSTOMER_SATISFACTION	8,432	***	0,697
x3	<---	PROMOTION			0,641
x2	<---	PROMOTION	7,123	***	0,786
x1	<---	PROMOTION	7,206	***	0,741
x6	<---	PRODUCT_KNOWLEDGE			0,802
x5	<---	PRODUCT_KNOWLEDGE	10,884	***	0,789
x4	<---	PRODUCT_KNOWLEDGE	9,816	***	0,738
x7	<---	PRODUCT_KNOWLEDGE	10,206	***	0,745
x10	<---	SERVICE_QUALITY			0,784
x9	<---	SERVICE_QUALITY	7,519	***	0,643
x8	<---	SERVICE_QUALITY	8,173	***	0,671
x11	<---	SERVICE_QUALITY	8,143	***	0,681
y3	<---	CUSTOMER_SATISFACTION			0,827
y2	<---	CUSTOMER_SATISFACTION	14,154	***	0,825
y1	<---	CUSTOMER_SATISFACTION	14,036	***	0,842
y6	<---	BEHAVIOR_INTENTION			0,724
y5	<---	BEHAVIOR_INTENTION	9,639	***	0,728
y4	<---	BEHAVIOR_INTENTION	9,167	***	0,706
y7	<---	BEHAVIOR_INTENTION	8,849	***	0,682
y8	<---	BEHAVIOR_INTENTION	7,445	***	0,574

### B. Discussion

Promotional factors are crucial for bolstering Subway customers' pleasure. Promotion is crucial since it is linked to a number of marketing communication initiatives that give customers the information they want or need. It has been demonstrated that Subway's promotion has a major impact on the degree of customer satisfaction, according to the findings of the research hypothesis testing. According to the lambda value, promotions have a favorable impact on customer satisfaction; therefore, the greater the promotion, the more satisfied Subway customers are. Promotion has a favorable impact on consumer satisfaction,

according to the findings of a study by Khan et al. (2012). When a technology company uses eye-catching advertising campaigns to promote their new products, consumers may feel more satisfied because they believe the product has appealing and practical features for their needs, according to Hameed and Swaid (2016).

Good product knowledge influences customer happiness by giving customers enough information about the product and bolstering their opinions of its quality, claim Nguyen et al. (2014). Nevertheless, there was no correlation between product knowledge and pleasure in this study. This may be the result of consumers' high familiarity with Subway products and their resemblance to other similar foods. There are already a lot of goods in Surabaya that are comparable to those that Subway sells, such as D'Natural Health, so customers are familiar with the products.

Four items make up the service quality variable, and respondents' evaluations of each statement vary. To clarify why all respondents believe Subway offers high-quality service, the average value of their responses is given in the agree category for each indication. The degree of customer satisfaction at Subway is influenced by how well or poorly the service is rated. According to Basith's (2014) research, customer satisfaction is positively impacted by service quality. Because service quality has a significant impact on customer satisfaction, research also by Stephanus (2019) indicates that the higher the quality of service offered, the more it boosts customer happiness. Oldy Ardhana (2010) also presented research on the service business, showing that customer happiness is positively and significantly impacted by service quality.

Visitors are expected to have positive behavioral intentions. Subway is said to benefit from positive behavioral intention. The urge to return to Subway is known to have the best performance, based on the average value of each indication. According to a study by Ryu and Han (2010), behavioral intention is positively impacted by customer satisfaction, indicating that future consumer behavior would be influenced by the degree of customer happiness. Customer satisfaction has an impact on behavioral intention, hence the degree of satisfaction with fast food restaurants will have an impact on consumer behavioral intention, according to research findings by Cronin, Brady, and Hult (2000). Kim et al. (2018) claim that brand loyalty, good word-of-mouth, and repurchase intention are all positively impacted by consumer satisfaction. Consumers who are pleased with a product or service are more likely to promote it to others, use it again, and remain emotionally devoted to the brand.

## V. CONCLUSION

Based on the study's findings, there are several managerial implications that can be drawn for Subway to increase Behavioral Intention among its customers in Surabaya:

**Promotion:** The management of Subway must plan its Instagram account to target the community of potential customers. The design has been modified to accommodate visitors' general behavior, ensuring that Instagram users' profiles reflect their personalities and traits. To increase its reach, Subway management expands its use of promotional media, including YouTube channels, among others.

**Product Knowledge:** All staff members, even those who do not work in the cooking department, should receive culinary training so they are always able to tell customers about the goods they require. Product knowledge should be regularly provided whenever a new product is introduced so that staff members may give customers accurate information about the product.

**Service Quality:** Training for psychological professionals is necessary. Employees must receive training on how to be courteous when serving customers, including how to respond or act in ways that convey friendliness. In order to have a courteous and cordial relationship with customers, ties with visitors must also be maintained by keeping a safe distance.

**Customer Satisfaction:** Subway management can engage staff as checkers to help management increase customer satisfaction. Management places a strong priority on serving quality menus with high standards in terms of process and flavor as well as the ingredients used.

**Behavioral Intention:** The administration of Subway keeps improving its services, special menus, affordable rates, and other aspects to entice customers to come back.

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