

THESIS

THE INFLUENCE OF SERVICE QUALITY, PRODUCT QUALITY AND PRICE ON CUSTOMER SATISFACTION (CASE AT KEDAI NAMAKU.ID KOTA MAKASSAR)

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**DEPARTMENT OF MANAGEMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS HASANUDDIN
MAKASSAR
2024**

THESIS

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as one of the requirements to obtain
Bachelor of Economics degree

compiled and submitted by

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HASANUDDIN UNIVERSITY
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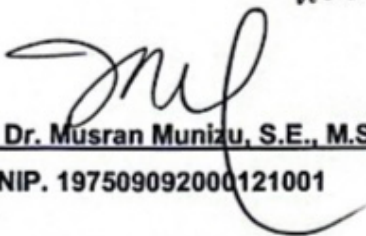
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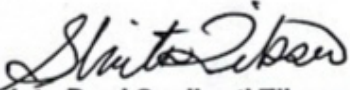
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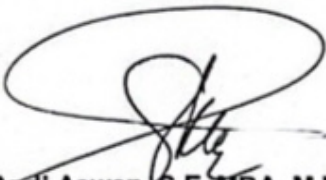
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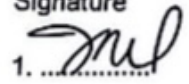
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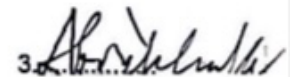
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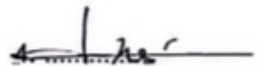
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**" THE INFLUENCE OF SERVICE QUALITY, PRODUCT QUALITY AND PRICE ON
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(CASE AT KEDAI NAMA.KU.ID KOTA MAKASSAR)"

is my own scientific work, and to the best of my knowledge, there is no scientific work submitted by others to obtain an academic degree at a university. There is no work or opinion written or published by others, except as expressly cited in this thesis and mentioned in the citation sources and bibliography.

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Makassar, July 2024



Andi Muayyad Ryandika Pratama

PREFACE

Bismillahirrahmanirrahim.

All praise to Allah Subhanahu wa ta'ala who has given grace, favor, and guidance to researcher so that finally research can complete the thesis entitled "The Impact of Habitual Behavior, Brand Loyalty, Offline Influences, and Cognitive Biases on Buyers' Interest (Case Study of FEB Students Hasanuddin University)" as a one of the requirements to obtain Bachelor of Economics degree at Universitas Hasanuddin.

In the process of writing this thesis, researcher has received help, guidance, advice, and support from various parties. Therefore, let me express my deepest gratitude to:

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9. All parties who are willing to be respondent in this research and all of friends who have helped researcher to distributed the research questionnaires.

Researcher has tried to compile the thesis as well as possible but researcher realizes that this thesis has limitations. Therefore, researcher willing to accept any constructive criticism and suggestions in order to make this thesis more better. Finally, researcher hope this thesis can be useful and can add insight to anyone who reads it.

Makassar, 12 June , 2024

Andi Muayyad Ryandika Pratama

ABSTRACT

The Influence of Service Quality, Product Quality and Price On Customer Satisfaction (Case at Namaku.id Makassar City)

Andi Muayyad Ryandika Pratama

Musran Munizu

Shinta Dewi Sugiharti Tikson

This research aims to determine the influence of Service Quality, Product Quality and Price on Consumer Satisfaction for Kedai Namaku.id. The study also seeks to identify variable has the impact on Consumer Satisfaction for Kedai Namaku.id., using 96 students as respondents through questionnaire surveys with purposive non-probability sampling. The analysis employed in this research is multiple regression analysis, with a significance level set at 0.1, using SPSS 29 software. The results indicate that Service Quality, Product Quality and Price have a positive and significant partial impact on the variables independent on Consumer Satisfaction for Kedai Namaku.id. The simultaneous test or F-test results demonstrate the combined influence of Service Quality, Product Quality and Price on the Consumer Satisfaction for Kedai Namaku.id. The contribution of Service Quality, Product Quality and Price to the influence on Consumer Satisfaction is 44%, with the remaining 56% attributed to factors outside the scope of this study.

Keywords: Service Quality, Product Quality, Price, Consumer Satisfactor

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CHAPTER I

INTRODUCTION

1.1 Background

In this era of globalization, businesses around the world are undergoing significant changes. Technological developments, the growth of international trade, and easier access to information have created great opportunities and new challenges for business people. Along with the flow of globalization, the food and beverage industry is also changing and developing rapidly.

The food and beverage industry in Makassar has experienced growth and challenges in recent years. In accordance with Baso and Rohani (2023), the small and medium-scale culinary sector in Makassar experienced a varying economic growth rate from 2021 to 2023, As for data Makassar City's economic growth in 2021-2023 is summarized in the following table:

Table 1. 1 SMES Total in 2021 - 2023

| Year | SMES Total (Unit) | Economic Growth (%) |
|------|-------------------|---------------------|
| 2021 | 13.277 | 59,4 |
| 2022 | 18.815 | 29,4 |
| 2023 | 19.000 | 4,2 |

Source: Sumber: Data Dinas koperasi dan ukm kota makassar

with Based on Table 1, the economic growth rate of Makassar City for 3 years recent years have fluctuated. This condition is a positive thing that must continue developed so that the number of Small and Medium culinary sector Enterprise units can be increased provide a high contribution to Makassar economic growth.

As stated by Samuel et al (2017), companies that use a differentiation strategy consider the first entry into the market as a top priority. Being the first in the market, the company has the discretion to set prices, and exploit the wide market segment in the pursue of achieving high profit and growth. One approach that has proven effective in achieving this differentiation is through improving the quality of services provided. Companies that have the capability to remain competitive in the global business arena are those that are able to present products with excellent quality. Therefore, improvement, especially in the aspect of service quality, is transformed into an essential action. This move is expected to strengthen the company's position in its main business. The achievement of success in bringing satisfaction to customers is one of the strategic goals that must be pursued, to ensure that the company can continue to grow, develop, and remain relevant in the face of very fierce competition, in accordance with current conditions.

Population growth in Makassar City, lifestyle changes, and shifts in customer preferences have driven innovation in the industry. In addition, the food and beverage market has expanded substantially with the global expansion of well-known food and beverage brands.

Based on Bahraini et al (2021), the food and beverage (F&B) industry is a high potential sector as it makes a significant contribution to the Indonesian economy. Along with economic growth and technological developments, competition in the food and beverage business is getting tighter. Therefore, to stay afloat and grow, business owners in this sector must understand deeply the factors that affect customer satisfaction.

As stated by Dauda et al (2023) over the past few years, the food and beverage (F&B) industry in Indonesia, particularly in big cities like Makassar, has experienced rapid growth over the past few years.

Lifestyle changes, higher income levels, and more customers seeking different culinary experiences have driven the development of food and beverage businesses. At the same time, competition in this sector is increasing with the emergence of new taverns and restaurants. Dynamic economic growth has created great opportunities for business people in the food and beverage sector. Makassar City also has a very rapid growth in food and beverage business. This is because customers in Makassar City are increasingly diverse, and they are looking for an experience that is more than just food and beverages. This creates new demands for business owners to not only provide quality food and beverages, but also provide a satisfying experience.

Kedai Namaku.id is one example of a food and beverage business in Makassar City. Kedai Namaku was established in 2019 offering a wide selection of drinks and food. Judging from the products sold, Kedai Namaku.id successful in understanding and meeting the needs of these customers. Therefore, it is necessary to understand the factors that contribute to customer satisfaction in this store is the key to maintaining and expanding market share amid increasingly fierce competition.

The food and beverage industry is a highly competitive business sector in Indonesia. In the midst of intense competition, Kedai Namaku.id emerged as one of the businesses that offers a variety of drinks and snacks. This shop has been known for having quality service, quality products, and competitive prices. However, in order to maintain and increase its market share, it is very important

for Namaku ID to understand and measure the extent to which service quality, product quality, and price affect customer satisfaction.

In accordance with Camilleri (2018), in running a business, business ought to understand their customers needs and wants, if they want to remain successful in a competitive market place. Customers in visiting a café are not only looking for products in the form of food and drinks but they will also see what kind of quality of service they provide to customers, when the company is able to provide good service quality as expected by customers or even exceed their expectations then it is able to provide a sense of comfort that can be felt by customers.

Based on Ganesh et al (2016) satisfaction is defined as an attitude, similarly to the order of judgment which interprets a purchase act or a series of customer product interactions or a person's feeling of pleasure or disappointment achieved after product or service consumption. In accordance with Syahputra and Vildayanti (2023), if there has been customer satisfaction, there will be repeat purchases and loyalty. At least three reasons usually encourage companies to measure customer satisfaction. First, the level of competition is increasing. Second, the greater the investment and resources devoted by the company to implement customer satisfaction programs and third, customer expectations that change from time to time.

According to Laksana (2018), service quality can be defined as: "The extent of discrepancy between customers expectations or desire and their perceptions". The statement stated that the quality of service received by consumers stated the magnitude of the difference between the expectations or desires of consumers with their level of perception. Service quality according

to Laksana (2018) is an action or activity carried out to satisfy consumers. Meanwhile, according to Kotler (2018), the definition of quality is the level of quality expected, and controlling diversity in achieving the expected quality, and controlling diversity in achieving that quality to meet consumer needs. Service quality is the superiority felt by consumers for a product or service from the comparison between the desires and performance felt by consumers after purchasing a product or service (Aras et al 2023).

Service quality is one of the important factors in increasing competitiveness. Service quality is a form of customer assessment, on the level of service received (perceived service) with the expected level of service (expected service). Customer Satisfaction affects Service Quality and Customer Trust toward Customer Loyalty (Sitorus and Yustisia 2018).

Khan and Fasih (2014) found a significant positive impact of service quality on customer satisfaction and customer loyalty in the banking sector of Pakistan. The authors used tangibles, reliability, assurance, and empathy as the dimension of service quality. In order to compete, survive, and develop, the company is required to be able to meet the needs and desires of customers by providing the best service and quality service.

Service quality is one of the main factors affecting customer satisfaction. Kedai Namaku.id has been known for its friendly, fast, and personal service presented by its staff. However, it is important to explore and measure the specific elements that create a positive customer experience, such as speed of service, friendliness of staff, and ability to handle customer complaints.

Product quality is also another important aspect in maintaining and improving customer satisfaction. As per Kotler and Keller (2016), product quality

is the ability of an item to provide appropriate results or performance even beyond what customers want. Based on Muspiha et al (2020), product quality is including efforts to meet or exceed customer expectations, quality that includes products, services, people, processes, and the environment. Quality is an ever-changing condition (what is considered quality today may be considered underquality in the future).

In agreement with Saeed et al (2022) that the notion of product quality has a core in efforts to meet customer needs and desires which aim to keep pace with customer expectations. As per Kotler and Keller (2016), product quality is the ability of an item to provide appropriate results or performance even beyond what customers want. In accordance with Tjiptono (2014), product quality is quality including efforts to meet or exceed customer expectations; quality that includes products, services, people, processes, and the environment; Quality is an ever-changing condition (e.g. what is considered quality today may be considered underquality in the future).

Based on Suchanek et al (2014) product quality affects company performance, especially customer satisfaction. Product quality is built to realize customer satisfaction with the quality of a product as perceived by customers. The assessment of product quality can be seen from performance, reliability, suitability, durability, and features. The use of service quality variables in customer satisfaction is based on the customer's desire to be served well or as expected. This quality of service consists of reliability, responsiveness, direct evidence, empathy, insurance. In addition to quality of service factors and product quality, other aspects that affect customer satisfaction are price, price is an

important factor in sales, the price set must be in accordance with the customer's economy so that customers can buy the goods.

As stated by Brata et al (2017) price is one of the critical successes of a company because the price determines how much profit will be obtained by the company from selling its products in the form of goods or services. Set the price too high will cause sales to decline, but if the price is too low will reduce the benefits to be gained by the organization.

In agreement with Abdullah et al (2014) price sensitivity is the awareness of the consumers to what they perceive about the cost within which they will buy a particular product or service. Each customer will have a certain price acceptability range and different customers have different limits in their perceptions of what price is within their ranges. Customer perceptions of price and their responses to price indicate whether a market is very price sensitive or not. Price plays a crucial role in influencing purchasing decisions and customer satisfaction. A competitive pricing policy can attract customers, but it also needs to be analyzed to what extent the price provides the value expected by the customer.

From several factors that have been described, of course, it has a major influence on the level of customer satisfaction with a business in the food and beverage sector. Therefore, managers must provide quality service, product quality and comparable prices so that Kedai Namaku.id can compete and can increase customer satisfaction. Therefore, based on the background mentioned above, this study conducted a study with the title **"The Influence of Service**

Quality, Product Quality and Price On Customer Satisfaction (Case at Namaku.id Makassar City)".

1.2 Problem Statement

Based on the background of the problems described above, the formulation of the problem in this study is:

1. Does Service Quality Affect Customer Satisfaction at Kedai Namaku Id Kota Makassar?
2. Does Product Quality Affect Customer Satisfaction at Kedai Namaku Id Kota Makassar?
3. Does Price Affect Customer Satisfaction at Kedai Namaku Id Kota Makassar?
4. Does Most Dominant Variable in Customer Satisfaction at Kedai Namaku Id Kota Makassar?

1.3 Research Purpose

1. To Analyze Does Service Quality Affect Customer Satisfaction at Kedai Namaku Id Makassar City
2. To Analyze Does Product Quality Affect Customer Satisfaction at Kedai Namaku Id Kota Makassar
3. To Analyze Does Price Affect Customer Satisfaction at Kedai Namaku Id Kota Makassar
4. To Analyze Does Most Dominant Variable in Customer Satisfaction at Kedai Namaku Id Kota Makassar

1.4 Significance of The Study

1.4.1 Theoretical Significance

This research is expected to contribute significant thinking as knowledge input for other scientific literature that can be used by further marketing research related to the effect of service quality, product quality and price on customer satisfaction.

1.4.2 Practical Significance

The results of this research are expected to be a reference for the development of knowledge, especially regarding marketing management. This research can be utilized by business actors in increasing customer satisfaction with services, products and prices, as well as to improve strategies in increasing sales

1.3 Writing Systematics

CHAPTER I INTRODUCTION

This chapter describes the background of the study, research question, research objective, limitation of the research, significance of the research, and writing systematics

CHAPTER II LITERATURE REVIEW

This chapter describes the theoretical basis of the theory of planned behavior. This chapter also consists of conceptual foundations.

CHAPTER III RESEARCH FRAMEWORK AND HYPOTHESIS DEVELOPMENT

This chapter consist of research framework and research hypothesis.

CHAPTER IV RESEARCH METHODS

This chapter consists of; a) type and research design, b) research location and time, c) research population and sample, d) sampling technique, e) data collection technique, f) research variable and operational definition, g) research instrument, h) validity and reliability test, i) data analysis technique, and j) hypothesis testing

CHAPTER V ANALYSIS AND DISCUSSION

This chapter is structured to present the research results comprehensively. It encompasses a breakdown of the variable results, a thorough examination of the validity and reliability tests, the application of multiple regression analysis, and the calculation of the coefficient of determination. The chapter also incorporates hypothesis testing to assess the validity of proposed relationships

CHAPTER VI CONCLUSION AND SUGGESTION

This chapter contains the conclusions and recommendations drawn from the entire research conducted. The conclusions highlight the identified issues in the study, along with the results of the research investigation. Additionally, recommendations are provided to address the issues and guide future research endeavors

CHAPTER II

LITERATURE REVIEW

2.1 Grand Theory

2.1.1 Customer Satisfaction

Razak and Shamsudin (2019) customer satisfaction can be defined as a form of showing how good the experience of using a product is compared to the experience of using the product buyer's value expectations. If the product's performance falls short of the buyer's expectations, the buyer will be disappointed. If its performance matches the buyer's expectations, the buyer will be satisfied as per Dung (2021).

Tirimba et al (2013) the measuring customer satisfaction gives a sign on how an organization is performing or giving products or services; hence, customer satisfaction will be the degree of accomplishment to every one of the organizations including the public sectors too. In agreement with Agbor (2011), this is on account of when it is expressed "perceived" and "expected" service; it is certain this goes to the individual, who is going to or is devouring the service; who unquestionably is the consumer/customer.

Tran et al (2022) customer satisfaction is when customers use the service and have a high service quality perception, they will feel satisfied with that service and vice versa, when customers have a low service quality perception, they will feel unsatisfied. Based on Kotler and Armstrong (2020) satisfaction is defined as the consumer's response to the performance of a product or service, whether it can meet needs plus expectations and added desires. Consumer satisfaction can at least be

known by 3 indicators, namely the fulfilment of needs, the fulfilment of expectations, and the fulfilment of desires.

Olajide (2011) argues that service quality and customer satisfaction are related and high quality service leads to increased customer satisfaction, service quality should not be measured without assessing customer satisfaction. Tjiptono (2014) explained that there are two components of customer satisfaction, namely (1) expectations, namely customer estimates or beliefs about what they will receive if they buy or consume a product. (2) performance or perceived results, namely customer perception of what is received after consuming the purchased product.

Suhartanto (2018) current studies on customer satisfaction in several industries suggest that consumer satisfaction is influenced by physiological and psychological dynamics occurring in a multi-dimensional space. According to O'Dwyer and Gilmore (2018) our customer satisfaction is an aspect of attitude therefore it is important for the organizational to focused more on the psychological elements. According to Shamsudin et al (2015) satisfaction is an attitude perceived by the customer while loyalty is a behavior of the customers. It is behavior that lead to repurchase and the willingness of the customer to purchase future product of the organization (Shamsudin et al 2019).

Razak and Shamsudin (2019) customer loyalty is gained by customer satisfaction as they trust the brand of the organization. A loyal customer will trust the brand thus they tend to spend more. Gerpott and Bicak (2016) loyal customer is actually insensitive to price if they trust a

brand or product that is their favorite brand, this is an influence on customer satisfaction from the product being marketed.

The conclusion regarding customer satisfaction is that it is a critical aspect of business success. Customer satisfaction is achieved when a company meets or exceeds customer expectations and needs with its products or services. Satisfied customers are more likely to be loyal, make repeat purchases, and recommend the company to others. To ensure customer satisfaction, businesses need to focus on key factors such as product quality, service quality, appropriate pricing, and the perceived value by customers. Additionally, listening to customer feedback, promptly addressing complaints, and continuously improving the customer experience are essential steps to maintaining high levels of customer satisfaction. By understanding and fulfilling customer needs and expectations, companies can build strong long-term relationships with customers, foster loyalty, and differentiate themselves from competitors. Therefore, prioritizing customer satisfaction should be a top priority for any business looking to thrive and succeed in a competitive market.

2.1.2 Factors Affecting Customer Satisfaction

Thang et al (2021) Studying the factors affecting customer satisfaction on quality of FiberVNN fibre optic internet services at VNPT, Phan Rang city, concluded that there are 5 factors affecting customers satisfaction on the quality of services :

1. Tangible means

Tangible factors in the context of customer satisfaction refer to the physical and concrete aspects of a product or service that directly impact

the customer's perception and experience. These factors are observable, touchable, and measurable. In the real of customer satisfaction, tangible factors play a crucial role in shaping a customer's opinion and overall satisfaction. Some common tangible factors include:

- a) Product Quality: The physical attributes and performance of the product, including durability, reliability, and features.
- b) Service Quality: The tangible aspects of service delivery, such as the appearance and professionalism of service personnel, cleanliness of facilities, and the efficiency of processes.
- c) Physical Environment: The condition and aesthetics of the physical environment where the service is delivered or where the product is purchased. This includes factors like cleanliness, ambiance, and organization.
- d) Packaging: The design, materials, and functionality of the product's packaging, which can influence perceived value and quality.
- e) Appearance of Employees: The attire, grooming, and overall presentation of employees who interact with customers, particularly in service industries.
- f) Technology and Equipment: The quality and functionality of any technology or equipment associated with the product or service, such as the user interface of a software product or the efficiency of manufacturing machinery.
- g) Tangible factors are critical because they contribute to the customer's overall impression and satisfaction, often forming the basis for their judgments about the quality and value of a product or service. Companies

that pay attention to and invest in enhancing these tangible elements are more likely to positively influence customer satisfaction and, consequently, customer loyalty.

2. Empathy

In the context of customer satisfaction, empathy plays a significant role in creating positive customer experiences. Customer service representatives who demonstrate empathy are more likely to establish a connection with customers, resolve issues effectively, and leave customers with a positive perception of the company.

Factors related to empathy that can affect customer satisfaction include:

- a) **Communication Skills:** The ability of customer service representatives to listen actively, understand customer concerns, and respond with empathy.
- b) **Problem Resolution:** Empathetic responses during issue resolution can significantly impact how customers perceive the overall experience.
- c) **Personalization:** Tailoring interactions based on an understanding of individual customer needs and preferences demonstrates empathy.
- d) **Customer Engagement:** Companies that prioritize building relationships with customers and showing genuine care for their well-being are likely to enhance customer satisfaction.

3. Reliability

Reliability in the context of customer satisfaction refers to the consistency and trustworthiness of a product or service to perform as

expected and deliver the promised benefits over an extended period. It encompasses various aspects:

- a) **Product Reliability:** The extent to which a product consistently meets its specifications, functions as intended, and remains durable over its expected lifespan.
- b) **Service Reliability:** The consistency and dependability of service delivery, ensuring that services are provided accurately, on time, and without unexpected interruptions.
- c) **Consistency:** The uniformity of performance and experiences across different interactions, channels, or instances, contributing to a sense of predictability for the customer.
- d) **Dependability:** The assurance that the product or service can be relied upon to perform its intended function without unexpected failures or disruptions.
- e) **Fulfilment of Promises:** Reliability is closely tied to the company's ability to fulfil its promises and commitments, whether related to product specifications, delivery times, or service guarantees.

4. The response

The response of factors affecting customer satisfaction refers to how customers react, evaluate, and express their feelings or opinions based on their experiences with a product, service, or interaction with a company. This response can manifest in various forms, including:

- a) **Feedback and Reviews:** Customers may provide feedback through surveys, reviews on online platforms, or direct

communication with the company. This feedback can offer insights into their satisfaction levels and areas for improvement.

- b) Purchase Behavior: Customers' purchasing decisions and patterns can be indicative of their satisfaction. Repeat purchases, brand loyalty, and a willingness to recommend the product or service to others are positive responses.
- c) Word of Mouth: Satisfied customers often share their positive experiences with others. This word-of-mouth marketing can significantly impact a company's reputation and influence potential customers.
- d) Complaints: On the flip side, dissatisfied customers may express their concerns or complaints. Monitoring and addressing these complaints are essential for understanding areas that need improvement and retaining customer trust.
- e) Social Media Engagement: Customers may share their experiences on social media platforms, influencing a wider audience. Positive or negative comments and interactions can impact the brand's image.
- f) Customer Loyalty: Satisfied customers are more likely to remain loyal to a brand, continuing to choose the product or service over alternatives.

5. Service Capacity

Service capacity refers to the maximum number of customers or transactions that a service provider can handle within a given timeframe while maintaining the desired level of service quality. It involves both the

physical and human resources required to deliver a service. Key elements related to service capacity include:

1. **Physical Resources:** The infrastructure, facilities, and equipment necessary to deliver the service. This could include things like the number of available seats in a restaurant, the capacity of a call center, or the size of a healthcare facility.
2. **Human Resources:** The number of trained and skilled personnel available to provide the service. This includes frontline staff, support personnel, and any other roles critical to delivering the service.
3. **Technology:** The use of technology to enhance service capacity, such as online booking systems, self-service kiosks, or other tools that facilitate efficient service delivery.
4. **Wait Times:** The time customers spend waiting for the service is a critical aspect of service capacity. Excessive wait times can negatively impact customer satisfaction.
5. **Flexibility:** The ability of the service system to adapt to fluctuations in demand. A flexible service capacity allows for scalability during peak times and cost-effectiveness during periods of lower demand.

According to Irawan (2004) the factors that influence consumer satisfaction are:

- a) **Product quality** means consumers are satisfied if after purchasing and using the product it turns out the product quality is good.
- b) **Price**, namely for sensitive consumers, usually low prices are an important source of satisfaction because consumers will get high value for money.

- c) Service quality is satisfaction with the quality of service, consumers will feel satisfied if they receive service as expected
- d) Emotional factor, namely consumers will feel satisfied or proud because of the emotional value provided by the brand of the product.
- e) Cost and convenience means that consumers will be more satisfied if it is relatively easy, comfortable and efficient to obtain the product.

2.1.3 Customer Satisfaction Indicators

Maharani et al (2022) customer satisfaction is an effort to realize consumer expectations for a product so that these expectations become a reality. Satisfaction is an effort to fulfil or make something adequate and in line with expectations. According to Amu (2022), customer satisfaction indicators include feelings that will arise when consumers buy a product, such as:

1. Quite Satisfied

"Quite satisfied" in customer satisfaction indicators generally refers to a level of satisfaction that falls just below the highest level. It suggests that the customer is pleased with the product or service and has a positive overall experience, but there may be minor aspects that could be improved or enhanced. This level of satisfaction is typically characterized by a positive sentiment, with customers feeling content and generally happy with their purchase or interaction.

2. Very Satisfied

"Very satisfied" in customer satisfaction indicators typically refers to the highest level of contentment or fulfilment that a customer

experiences with a product, service, or overall interaction with a business. It indicates that the customer's expectations have not only been met but exceeded to a significant degree. This level of satisfaction often implies that the customer found the product or service to be of exceptional quality, the customer service to be outstanding, and their overall experience to be highly positive.

In customer satisfaction surveys or feedback forms, "very satisfied" is often used as one of the response options to gauge the extent to which customers are pleased with their experience. It reflects a high level of approval and suggests that the customer is likely to be a loyal advocate for the brand, potentially leading to repeat business and positive word-of-mouth referrals.

The specific wording of satisfaction indicators may vary depending on the survey or feedback form, but "very satisfied" generally implies the most positive and favorable sentiment in the context of customer satisfaction measurement.

3. Very Dissatisfied

"Very Dissatisfied" in customer satisfaction indicators refers to the lowest level of satisfaction that a customer can experience with a product, service, or overall interaction with a business. It indicates that the customer is extremely unhappy or displeased with their experience.

Customer satisfaction indicators typically use a scale to measure satisfaction levels, and "Very Dissatisfied" is often positioned at the bottom of this scale. The scale may range from "Very Satisfied" at the top,

through various levels of satisfaction or dissatisfaction, with "Very Dissatisfied" representing the most negative end of the spectrum.

Businesses and organizations use customer satisfaction indicators to assess and understand how well they are meeting customer expectations. Identifying customers who are "Very Dissatisfied" is crucial as it highlights areas for improvement, helps in addressing specific issues, and allows businesses to take corrective actions to enhance the overall customer experience.

2.1.4 Service Quality

Tjiptono (2015), service quality is an effort made by the company to meet customer expectations for the services it receives so that the company can survive in the market and gain customer trust.

Goetsch and David quoted by Tjiptono (2012) state that service quality is a dynamic condition related to products, services, people, processes, and the environment that meet or exceed expectations. Meanwhile, according to Lupiyoadi (2013) Service quality is the overall characteristics and characteristics of a product / service in its ability to meet predetermined or latent needs.

The conclusion regarding quality service is that it plays a crucial role in customer satisfaction and overall business success. Quality service is determined by the ability of a company to meet or exceed customer expectations in delivering products or services. It involves aspects such as reliability, responsiveness, empathy, tangibility, and assurance. and Quality service is a dynamic condition that encompasses various

elements such as products, services, people, processes, and the environment to meet or exceed customer expectations.

2.1.5 Elements of Service Quality

To measure the quality of service, five key elements deserve attention, based on Tjiptono (2015), the five key elements are as follows Syaparudin and Hertati. (2020) :

1. Reliability.

Reliability is the ability to perform the promised services reliably and accurately. Examples, in this case, include the ability of employees to provide the best service, the ability of employees to handle customer needs quickly and correctly, the company's ability to provide good service under consumer expectations.

2. Assurance.

Namely the knowledge and politeness of employees and their ability to show trust and confidence. In the form of employees' ability to generate confidence and trust in promises that have been made to consumers. Examples, in this case, include the knowledge and skills of employees in carrying out their duties, employees can be relied on, employees can give confidence to consumers, employees have good technical expertise.

3. Tangible (form).

The appearance of physical facilities, equipment, personal, and communication materials.

4. Empathy.

The condition of paying attention and giving personal attention to customers. For example, employees should try to position themselves as customers. If a customer complains, an immediate solution must be sought, to maintain a harmonious relationship, by showing a genuine sense of care.

5. Responsiveness.

Willingness to help customers and provide services on time. The willingness of employees and employers to help customers and provide services quickly as well as hear and resolve consumer complaints.

2.1.6 Service Quality Indicators

According to Tjiptono (2014) identifies quality sources that determine service quality, namely:

1. Production Quality Explains that service quality is determined by cooperation between the production/operations department and the marketing department.
2. Delivery Quality Explain that service quality can be determined by the company's promise to customers.
3. Quality Design Explains that the quality of service is determined from the first time the service is designed to meet customer needs.
4. Relationship Quality Stating that service quality is determined by professional and social relations between the company and stakeholders (customers, suppliers, intermediaries, government, and employees).

Tjiptono (2014) stated that the quality indicators that are most often used as a reference are:

1. Reliability (reliability) Namely the ability to provide promised services promptly, accurately, and satisfactorily. Performance must match customer expectations which means punctuality, equal service to all customers without errors, sympathetic attitude, and with high accuracy.
2. Responsiveness A policy to assist and provide fast and appropriate service to customers, with clear delivery of information. Letting customers wait for a negative perception in service quality
3. Assurance, including knowledge, competence, courtesy, and trustworthy nature possessed by employees; free from physical harm, risk or doubt. This includes several components, including: communication, credibility, security, competence, and courtesy.
4. Emphaty (empathy), including ease of relationship, effective communication, personal attention, and understanding of the individual needs of customers. Where a company is expected to have understanding and knowledge of customers, understand specific customer needs, and have a comfortable operating time for customers.
5. Tangible (physical evidence), including physical facilities, equipment, employees, and means of communication. Examples: buildings, warehouses, etc.), equipment and

equipment used (technology), and the appearance of employees.

In this study, service quality is measured by quality indicators according to Tjiptono (2014), namely reliability, responsiveness, assurance, empathy, tangible and security.

2.1.7 Product Quality

A product is a whole concept, object, or process that provides some value to the customer. What needs to be considered in the product is that customers not only buy the physical product but buy the benefits and value of the product called "the offer" Lupiyoadi (2013).

Djumarno et al (2018) Better product quality maintains a high level of customer satisfaction, which encourages customers to make purchases in the future. Product quality according to Kotler and Keller (2019) is the overall characteristics and characteristics of a product or service on the ability to satisfy stated/implicit needs. Weenas (2013) Product quality can affect customer satisfaction based on product consistency free from damage. The quality of these products is usually controlled by quality management. Hayati and Sekartaji (2015) marketing activities focus on customer satisfaction to be more precise on the target customers because potential customers will consider various factors such as product quality to make customers feel delighted and prefer our products over competing products.

The conclusion Product quality is defined by the ability of a product to fulfil its intended function and provide value to customers,

surpassing their expectations. regarding quality products emphasizes the importance of meeting or exceeding customer expectations through the delivery of products that demonstrate high levels of performance, reliability, durability, and features. Quality products play a significant role in customer satisfaction and loyalty, as they directly impact the overall customer experience and perception of a brand. prioritizing quality products is crucial for businesses to differentiate themselves, build a strong brand image, and drive customer satisfaction and loyalty. By focusing on delivering high-quality products that meet customer needs and preferences, companies can establish a competitive advantage and achieve sustainable growth in the marketplace.

2.1.8 Factors Affecting Product Quality

According to Kotler and Armstrong (2014) product quality is the ability of a product to demonstrate its function, this includes overall durability, accuracy reliability, ease of product operation and repair, as well as other product attributes. Dimension for differentiation as companies implement a value model and deliver higher quality for less money.

According to Gaman and Sherrington in Sugiarto (2014) in general Factors that influence food quality are as follows :

Colors, color combinations are very helpful in consumer appetite.

Appearance, the expression "looks good enough to eat" is not an expression excessive.

- 1) Appearance is related to various things such as the shape or form of the product, color, and material of manufacture.

- 2) Portion, in each food serving portions are determined. The standard is called standard portion size.
- 3) Temperature, consumer likes the temperature variations obtained from one food to another.
- 4) The texture, degree of thinness and smoothness and shape of the food can be felt through pressure and movement of receptors in the mouth.
- 5) Level of maturity, the level of doneness of the food will affect the texture of the food.
- 6) Taste, the taste point of the tongue is the ability to detect the basics, namely sweet, sour, salty and bitter.

2.1.9 Price

Haq (2017) consumers use the price as a consideration in determining the purchase of a product, when should the purchase be made and how much the need for products purchased in accordance with the ability of consumer purchasing power. Kadir et al (2022) price is the only element of the marketing mix that provides income or income for the company, while the other three elements (product, distribution, and promotion) cause costs (expenses).

Zardi et al (2019) the results showed that price is able to affect consumer satisfaction positively and significantly, this is in line with the research. Wantara and Tambrin, (2019) customer satisfaction can also be formed when sacrifices are issued in accordance with the value received, which means the price of the product in accordance with the benefits obtained. Qalati et al (2019) price play vital role in switching behaviour from one service to another. There are 4 price indicators

according to Kotler, et al (2012), namely: (1) Price Affordability, (2) Price Competitiveness, (3) Price Compatibility with Product Quality, and (4) Price Compatibility with Benefits.

the conclusion price is a fundamental component of the marketing mix that represents the monetary value assigned to a product or service by a business. It is the amount of money that customers are willing to pay in exchange for the perceived value they receive from a product or service. Pricing plays a crucial role in shaping customer behavior, purchase decisions, and overall satisfaction. and price is a strategic element of marketing that requires careful consideration and alignment with customer needs, market dynamics, and business objectives. By setting prices that reflect the value proposition of products or services, businesses can attract customers, drive sales, and build long-term relationships with their target audience.

2.1.10 Relationships Between Variables

1) The Relationship of Service Quality to Customer Satisfaction

Lupioyadi (2013) states that "Service quality is the overall characteristics and characteristics of a product or service in terms of its ability to meet predetermined or latent needs". If the service received or felt is as expected, then the quality is perceived as good and can satisfy customers. Conversely, if what is received is lower than expected, then the quality is perceived as poor or unsatisfactory.

According to Amin and Yanti (2021), service quality is an important factor for customer satisfaction. The dimension of service quality responsiveness is the most important factor for customers

followed by reliability, empathy, tangible and assurance. The company must be able to provide quality service so as not to lose customers in the long run. Quality service can be created if the company's management understands the factors that affect service quality.

The influence of service quality on customer satisfaction has also been found in the research of Basith (2014), Sembiring (2014) and Ismail (2014) that there is a significant influence of service quality on customer satisfaction. Customers will feel satisfied if their expectations are met. Improving service quality is very important for service companies because it will attract customers to buy the service products offered. Quality of service that is in accordance with customer expectations will create a sense of satisfaction in customers, this satisfaction results in customers will continue to buy the products offered.

2) The Relationship of Product Quality to Customer Satisfaction

Weenas (2013) Product quality can affect customer satisfaction based on product consistency free from damage. The quality of these products is usually controlled by quality management. (Lupiyoadi, 2013) The external benefits in question can be implied in the production process of a good (service), where the quality of products (services) provided by the company can create a positive perception of customers towards the company and generate a decision and customer loyalty. Meanwhile, what is meant by internal profit is seen at the same time as obtaining external profits, where the company's

focus on quality can bring positive internal value to the company in the process of improvement.

The influence of product quality on customer satisfaction has also been found in the research of Abdul (2014) and Inka (2014) that there is a significant influence between product quality and customer satisfaction. The quality of the products offered is the basis for creating customer satisfaction. The quality of the products offered will affect the level of customer satisfaction. The relationship between product quality and customer satisfaction has a very close relationship. Usually if the product offered by the company is of good quality then the customer buys and consumes directly and the product exceeds the expectations of the customer, then it can be said that they are satisfied with the product. Conversely, if when consuming they tend to be disappointed then they will switch to other products. Customer satisfaction itself is caused by the quality of the products provided by the company, the better the quality the more customers it has, the company must maintain the quality that is already owned or add better quality so that customers are not affected by other competitors and remain loyal to the company.

3) Price Relationship to Customer Satisfaction

Kadir et al (2022) Price is the only element of the marketing mix that provides income or income for the company, while the other three elements (product, distribution, and promotion) cause costs (expenses).

As for according to Tjiptono and Chandra (2016), the price set by a company is not in accordance with the benefits of the product, it can reduce the level of customer satisfaction, and vice versa if the price set by a company is in accordance with the benefits received, it will increase customer satisfaction. This is in accordance with the results of previous research conducted by Osman et.al (2018) and Isnaini (2018) who said that price has a direct influence on customer satisfaction variables

2.2 Empirical Review

Table 2. 1 Previous Research

| No. | Author | Research Title | Research Results |
|-----|--------------------|---|---|
| 1. | Kim and Cho (2019) | The Influences of Service Quality, Product Quality and Price in University Foodservice on Customer Satisfaction | results in these research hypotheses are as follows. First, the relationship between the service quality and customer satisfaction shows that tangibles (t=2.444) and responsiveness (t=2.431) have significantly positive influence upon customer satisfaction. Second, it was indicated that product quality (t=12.711) also has significantly positive influence upon customer |

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|----|-----------------------------|---|---|
| | | | satisfaction. Third, price (t=0.051) has no positive effect on customer satisfaction. Managerial contributions, limitation, and future research directions are discussed at the end of the paper. |
| 2. | Mahsyar and Surapati (2020) | Effect Of Service Quality And Product Quality On Customer Satisfaction And Loyalty Service Quality (X1), Product Quality (X2) Customer Satisfaction (Y) | the results of the distribution of questionnaires through a questionnaire that is further analyzed by using path analysis, bootstrapping and pls algoritma. The equation Model is processed using the SmartPLS application version 3. The result of this research is that the quality of service has no significant effect on customer satisfaction, product quality has significant effect on customer satisfaction, and customer satisfaction has significant effect on consumer loyalty. |
| 3. | Albari and Kartikasari | The Influence of Product | The results of the analysis prove that all |

| | | | |
|----|---------------------------------|--|--|
| | (2019) | Quality, Service Quality and Price on Customer Satisfaction and Loyalty Product Quality (X1), Service Quality (X2), Price (X3) Customer Satisfaction (Y) | antecedent variables can influence loyalty variables, both directly and through satisfaction variables. Service quality has the biggest positive influence on customer satisfaction, while product quality contributes highest to loyalty. These results are also supported by descriptive calculations. |
| 4. | Chaerudin and Syafarudin (2021) | The Effect Of Product Quality, Service Quality, Price On Product Purchasing Decisions On Consumer Satisfaction. | The result is service quality proven to have a positive and significant effect on purchasing decisions for medical device products, prices are proven to have a positive and significant effect. significant towards the decision-making of medical device product purchasing, product quality proved to have a positive and significant effect on consumer satisfaction of owned medical device products, service |

| | | | |
|----|---------------------|--|--|
| | | | <p>quality proved to have a positive and significant effect on consumer satisfaction of medical device products, price proved to have a positive and significant effect on consumer satisfaction of medical device products health. The purchase decision is proven to have a positive and significant effect on consumer satisfaction with medical device product.</p> |
| 5. | Halim et al. (2014) | <p>The Influence of Product Quality, Brand Image, and Quality of Service to Customer Trust and Implication on Customer Loyalty (Survey on Customer Brand Sharp Electronics Product at the South Kalimantan Province)</p> | <p>The result indicate there are significant influence on Quality of Product, Brand Image and Quality of Service on Customer Trust, Quality of Product have a significant influence on Customer Loyalty, while Brand Image and Quality of service is not a significant influence on Customer Loyalty. Customer Trust have a significant influence on Customer Loyalty.</p> |