

THESIS

THE EFFECT OF SERVICE QUALITY, PRICE AND LOCATION ON CUSTOMER SATISFACTION AT RM. KOTA DAENG MAKASSAR

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**DEPARTEMENT OF MANAGEMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS HASANUDDIN
MAKASSAR
2023**

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As one of the requirements to obtain
Bachelor of Economics degree

compiled and submitted by

**KAMILAH NAHDAH ILMI
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to

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FACULTY OF ECONOMICS AND BUSINESS
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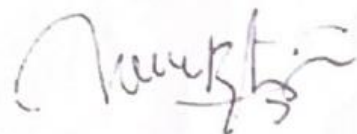
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THE EFFECT OF SERVICE QUALITY, PRICE AND LOCATION ON CUSTOMER SATISFACTION AT RM. KOTA DAENG MAKASSAR

is my own scientific work and to the best of my knowledge in this thesis there is no scientific work that has been submitted by another person to obtain an academic degree in other universities and there are no works or opinions that have been written or published by another person, except those quoted in this thesis and mentioned in the references.

If in the future it turns out that it can be proven there are elements of plagiarism in this thesis, I am willing to accept sanctions for such actions and be processed in accordance with applicable laws and regulations (Law No. 20 of 2003, article 25 paragraph 2 and article 70).

Makassar, March 13, 2023



Kamilah Nahdah Ilmi

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 Effect of Service Quality, Price and Location on Customer Satisfaction at RM. Kota Daeng" 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:

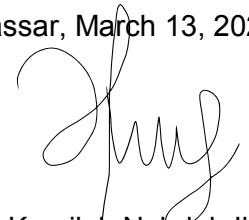
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Researcher has tried to compile the thesis as well as possible but researcher realizes that this thesis has limitations. Therefore, researcher willing to accept any constructive criticism and suggestions in order to make this thesis more better. Finally,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

Makassar, March 13, 2023

A handwritten signature in black ink, appearing to read 'Kamilah Nahdah Ilmi', written in a cursive style.

Kamilah Nahdah Ilmi

ABSTRACT

The Effect of Service Quality, Price and Location on Customer Satisfaction at RM. Kota Daeng

Kamilah Nahdah Ilmi
Maat Pono
Nursiah Sallatu

This research aims to determine the effect of service quality, price and location on customer satisfaction at RM. Kota Daeng. The data used in this study were obtained from a questionnaire (primary). The sampling method used nonprobability sampling method with purposive sampling type where the number of samples used is 100 respondents. The analytical method used is descriptive analysis method with IBM SPSS version 25 application and multiple linear regression analysis. The results show that Service Quality has a positive and significant effect on customer satisfaction at RM. Kota Daeng Makassar, Price has a positive and significant effect on customer satisfaction at RM. Kota Daeng Makassar, Location has a positive and significant effect on customer satisfaction at RM. Kota Daeng Makassar and location is the dominant variable that influences customer satisfaction.

Keywords : Customer Satisfaction, Price, Location, Service Quality

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CHAPTER I

INTRODUCTION

1.1. Background

Companies engaged in culinary field must maintain a good reputation in the eyes of their customers. Good service quality will tend to give more satisfaction to customers. Without paying attention to service quality, do not expect the company to continue to maintain its image in the eyes of customers. By prioritizing good service, the company will make it easier to achieve their goal of maximum profit through an increase the number of buyers by customers continuously.

As we know, restaurant are currently growing rapidly, especially in terms of products. The products sold also variative, not only beverages, food products also superior in term of sales. One of them is seafood products.

Seafood is an important trading commodity both domestically and internationally. Indonesia is known as a maritime country with superiority in the sea and its marine products. Therefore proper handling and processing of seafood will increase the selling of seafood products.

Seafood restaurants, especially in Makassar, have been said to be quite rapid. This is evidence by the emergence of several new restaurants that have unique concepts and food products that they offer to their connoisseurs. One of the restaurant in Makassar that serves seafood dishes with spices that are unique and fit the tongue of Makassar people, it is RM. Kota Daeng which has been established since 2010.

Zeithami and Bitner (2009:111) argue that customer satisfaction is more influenced by service quality, product quality, price, situational factors and human factors. Serving food and beverages in restaurant is the main attraction and plays

an important role in the development of the culinary field, closely related to the current development of restaurant or cafes. The industry for providing food and beverages is no stranger to the community for just having meal or spending some time.

In addition to service quality, which is no less important in influencing customer satisfaction is price. According to Kotler and Armstrong (2012) price is the amount of money charged to consumers for a product or service coupled with the benefits of using the product of service. Price plays an important role in the marketing mix, because pricing is directly related to the opinion received by the company. Pricing is directly related to the opinion received by the company. Pricing decision are also very important in determining how far the service are valued by consumers, and also in building an image of the company. Pricing also gives a certain perception in terms of quality (Lupiyoadi, 2013:146).

Service quality and price are very influential on customer satisfaction. Poor service and not matching the price paid by customers will create a bad reputation for the company. Vice versa, when a company provides good service according to price and meets standards or even exceed expectation, it will fulfill customer satisfaction.

Based on Appendix 1 and Figure 1.1 below, it can be seen that RM. Kota Daeng has 140 types of cuisine and 93 types of beverages, total menu list is 233. Food & beverages menu and price of RM. Kota Daeng is quite varied and competitive. Customers can choose the menu they want and cooked with various type of cuisine. The types of food served are quite varied, for seafood they have Crab, Lobster, Fish, Shellfish, Squid and Shrimp. Other food there are Kampung Chicken, Chicken, Duck, Meat. Steak, Vegetables, Noodles and various Fried Rice. The beverages menu also quite varied such as Single Juice, Mix Juice, Milk Shake, Blended, Punch Drink, and various other beverages. For food menu that is

most in demand by buyers is Pallumara according to the tongue of Makassar people. RM. Kota Daeng also server Makassar's signature drink, it is STMJ.

Figure 1.1 Price List of Fish and Squid Menu 2023

HARGA IKAN DAN CUMI			
1. Kerapu, Jenaha, Katamba, Katamba, Kudu – Kudu, Kaneke, dan Lamuru			
Ons	Harga	Ons	Harga
0.3	35.000	1.3	160.000
0.4	50.000	1.4	170.000
0.5	65.000	1.5	180.000
0.6	80.000	1.6	190.000
0.7	90.000	1.7	200.000
0.8	105.000	1.8	210.000
0.9	115.000	1.9	220.000
1.0	125.000	2.0	230.000
1.1	140.000	2.1	240.000
1.2	150.000	2.2	250.000
2. Baronang, Mangali, dan Cepa			
Ons	Harga	Ons	Harga
0.3	45.000	0.9	135.000
0.4	60.000	1.0	150.000
0.5	75.000	1.1	165.000
0.6	90.000	1.2	180.000
0.7	105.000	1.3	195.000
0.8	120.000	1.4	210.000
3. Sunu Asli			
Ons	Harga	Ons	Harga
0.3	40.000	0.9	180.000
0.4	65.000	1.0	200.000
0.5	100.000	1.1	210.000
0.6	120.000	1.2	220.000
0.7	140.000	1.3	230.000
0.8	160.000	1.4	235.000
4. Sunu Raja (Sunu pappa)			
Ons	Harga	Ons	Harga
0.3	35.000	1.1	175.000
0.4	50.000	1.2	185.000
0.5	80.000	1.3	200.000
0.6	95.000	1.4	215.000
0.7	110.000	1.5	230.000
0.8	130.000	1.6	245.000
0.9	145.000	1.7	260.000
1.0	160.000	1.8	275.000
5. Kakap Merah			
Ons	Harga	Ons	Harga
0.3	50.000	1.6	240.000
0.4	70.000	1.7	250.000
0.5	90.000	1.8	260.000
0.6	105.000	1.9	270.000
0.7	120.000	2.0	280.000
0.8	135.000	2.1	290.000
0.9	150.000	2.2	300.000
1.0	165.000	2.3	310.000
1.1	175.000	2.4	320.000
1.2	190.000	2.5	330.000
1.3	205.000	2.6	340.000
1.4	220.000	2.7	350.000
1.5	230.000	2.8	350.000
6. Cumi			
Ons	Harga	Ons	Harga
0.3	55.000	0.9	165.000
0.4	75.000	1.0	180.000
0.5	95.000	1.1	195.000
0.6	115.000	1.2	210.000
0.7	135.000	1.3	225.000
0.8	150.000	1.4	240.000

Sources: RM. Kota Daeng

Here is RM. Kota Daeng monthly gross profit in 2022:

Table 1.2 RM. Kota Daeng Monthly Gross Profit during 2022

No	Month	Gross Profit
1	January	Rp 1.080.565.300
2	February	Rp 893.564.325
3	March	Rp 1.292.710.700
4	April	Rp 1.351.164.950
5	May	Rp 1.021.751.825
6	June	Rp 1.192.986.925
7	July	Rp 1.393.251.425
8	August	Rp 1.191.723.425
9	September	Rp 1.209.704.475
10	October	Rp 1.355.595.665
11	November	Rp 1.201.163.765
12	December	Rp 1.255.541.200
TOTAL		Rp 14.439.723.980

Source: RM. Kota Daeng

In addition to service quality and price, location also plays a major role in customer satisfaction. There are more and more restaurants in various places, but not all restaurants are crowded with consumers. The selection at the location should jabe a total population in the popilation. If the location is not facilitated by a large parking lot, you have to find a public parking lot near the restaurant. The location of the services used in delivering services to the intended customers is a key decision. The decision about the location of the service to be used involves considering how the service will be delivered to the customer and where it will take place. According to Fakhruddin (2019: 211) location is the main factor in selecting consumer figures.

In determining the location for restaurants, socializing, exchanging ideas so that consumers are comfortable is choosing a location that is relaxed, comfortable, has a variety of food and drinks. The location channel is one of the elements in the marketing mix which plays an important role in terms of locating goods and smoothing the flow of goods from producers to consumers (Manampiring & Wenas, 2016: 266).

RM. Kota Daeng is a food and beverage restaurant located in Sudiang. The location of RM. Kota Daeng has a very large parking area so that it can accommodate many consumers. However, this location has obstacles because of its location far from the city center. RM. Kota Daeng is very close to the airport, approximately only 5 minutes from Sultan Hasanuddin International Airport. So, most of RM. Kota Daeng customers is a passenger plane in transit, will depart, arrive at the airport and residents around. Not a few customers who have come and have several favorite menus here have asked RM. Kota Daeng opens a branch in the city center.

Providing the best service to customer is a measure of success. Restaurant that successfully market their products to consumer with satisfactory service get a good image in the eyes of customers. The services means include services when offering products. Providing satisfaction to customer in meeting their needs and desires is the most important thing to face competition. One way to seize market share is to get as many consumer as possible. Convenience and security are also factors in reaching customers. The company will be successful in obtaining a large number of customers if it is considered to able to provide satisfaction for customers.

Consumers who are satisfied and become loyal consumers will recommend word of mouth. This is what prompted the author to research about customer satisfaction at RM. Kota Daeng and to evaluate the importance of service quality, price, trust and customer satisfaction, a research was conducted with the title **“The Effect of Service Quality and Price on Customer Satisfaction at RM. Kota Daeng”**.

1.2. Research Question

Based on the background that has been stated by the data, the main problems in this research are as follows:

1. Does the quality of service affect customer satisfaction at RM. Kota Daeng?
2. Does price affect customer satisfaction at RM. Kota Daeng?
3. Does location affect customer satisfaction at RM. Kota Daeng?
4. Which variable dominant that effect customer satisfaction at RM. Kota Daeng?

1.3. Research Objectives

This research aims to :

1. To determine the effect of service quality on customer satisfaction at RM. Kota Daeng.
2. To determine the effect of price on customer satisfaction at RM. Kota Daeng.
3. To determine the effect of location on customer satisfaction at RM. Kota Daeng
4. To find out which dominant variables affect customer satisfaction RM. Kota Daeng

1.4. Practical Significance

1. As a means of digging knowledge, experience and insight that are useful both now and in the future.
2. As having contribution to the field of science and culinary, especially the understanding of the quality of seafood products to consumer

satisfaction. With this research, it is hoped that there will be continuous evaluation so that the results of this research can be use properly and also developed by related industries.

3. It is hoped thar the results of this research can provide input the company as consideration and input about service quality and prices that can affect consumers, so that is useful for maintaining customers.

1.5. Structure of the Research

This research will begin with some initial parts, such as the cover page, title page, validation page, table of contents, list of table, list of figures, list of appendix. Meanwhile, the last part consist of references and appendix. The main part of this research will consist of five chapter with the following details:

Chapter I – Introduction : This chapter aims to explain about the background of the problem, data that support the research, research question, research objective, significance of the research, and structure of the research.

Chapter II – Literature Review: This chapter aims to describes the theory and concept, research framework and hypotheses.

Chapter III – Research Methodology: This chapter aims to describes about the research design, time and place of research, population and sample, types and sources of data, and data collection technique.

Chapter IV – Results and Discussion: This chapter aims to explain about validity test, reliability test, multiple regression analysis, coefficient determinations, test of hypothesis (F-test and T-test).

Chapter V – Closing: This chapter aims to explain about the conclusion and suggestions which is to build for further review material.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Basis

2.1.1. Marketing Management

Marketing is one of the main activities that need to be carried out by companies, whether goods or services companies in and effort to maintain the viability of their business. This is because marketing is one of the company's activities, which are directly related to consumers. So marketing activities can be interpreted as human activities that take place in relation to the market.

The definition of marketing according to Kotler (2005:6) says that marketing is social process in which individuals and groups obtain what they need and want by creating, offering, and freely exchanging products of value with others.

Marketing is developing, maintaining, and enhancing relationship with customers and other partners, at a profit, in such a way that the objectives of each party can be achieved. This is realized through the exchange and fulfillment of mutually beneficial promises (Tjiptono, dkk 2008:3). The above definition can be concluded that marketing is an activity carried out by companies by communicating, delivering, and making valuable offers to customers so that companies can build strong relationship with customers in order to get value in return from customers.

Marketing mix is a combination of four variables, which is product, price structure, promotional activities and distribution system (Dharmesta and Handoko, 2010:40). Meanwhile, according to Kotler(1997:92) marketing mix is a number of marketing tools used by companies to convince marketing object or target market.

2.1.2. Service Quality

2.1.2.1. Service Quality Definition

Service quality is the expected level of excellence and control over that level of excellence to meet customer desires for the services they receive.

Service quality according to Tjiptono (2018) is a dynamic condition related to products, services, people, environmental processes that meet or exceed consumer expectations.

Meanwhile, according to Kotler and Keller (2016) service quality is any action offered by company and is basically intangible and does not result in any ownership aimed at fulfilling consumer desires.

According to Tjiptono (2018:30) quality services is influenced by two factors, consist of:

1. Perceived Service

If the perceived service is as expected, then the quality of the service is perceived as good and satisfactory.

2. Expected Service

If the service received does not exceed customer expectations, the quality of service received is lower than consumer expectations, so the service quality is perceived as poor service quality.

Thus, the good or bad quality of service provided depend on the ability of the service provider to consistently meet consumer expectations.

2.1.2.2. Service Quality Objectives

In providing a services to consumers, of course a company has the purpose of providing these services. The goals of quality service are as follows:

1. To foster consumer confidence in the products or services offered.
2. To avoid the occurrence of demands from consumers.
3. To create consumer trust and satisfaction
4. To retain consumers
5. To keep consumers feeling cared for all their needs.

According to Kotler, Hates and Bloom (in Manap, 2016:376) the benefits and objectives of service quality are:

1. Consumers will be loyal to the company. Because consumers feel the company's service is very good, consumers may become regular customers of the company.
2. Long-terms business continuity is guaranteed. With the increasing number of company regular customers, companies don't have to worry about not getting consumers, because there are already these regular customers.
3. Consumers will not be concerned about the price. Because the consumer's sense of trust in the company, consumers will not be concerned about the price of a product offered by the company.
4. The good name the company increases. This is because more and more consumers are satisfied and become loyal consumers so that the good name of the company also increases in the eyes of all consumers.
5. Superlative in business competition. The company can be said to be one step ahead of other companies in competing because consumers have trusted both in terms of service and the quality of the company's products.

Maximum and good customer service shows how much or how good the quality are in the eyes of consumers. Good and responsive service will give a positive value or give a good image in the eyes of consumers.

2.1.2.3. Indicator of Service Quality

The concept of service quality is an assessment factor that reflects customer perception of the five specific dimensions of service performance. Kotler and Keller (2016 : 56) conclude that there are five dimension of Service Quality used to measure service quality, that is :

1. Tangible or physical evidence is the company's ability to show its existence to external parties. The appearance and capabilities of the company's physical facilities and infrastructure and condition of the surrounding environment are tangible evidence of the services provides by the service provider.
2. Reliability, is the company's ability to provide services as promised accurately and reliably.
3. Responsiveness, is willingness to help and provides fast (responsive) and appropriate service to customers with clear information delivery.
4. Assurance and certainty, is knowledge, courtesy, and the ability of company employees to foster a sense of trust in customers to the company
5. Empathy, is giving sincere and individual or personal attention given to customers by trying to understand customer desires.

Meanwhile, according to Lehtinen and Lewis in Lupiyoadi (2013:13) said that service quality has three dimensions, consist of:

1. Physical quality which represents the physical aspects of service
2. Corporate quality expresses the company's service image
3. The quality of interaction resulting from the interaction between the service staff and customer itself.

2.1.2.4. Strategy to Improve Service Quality

According to Tjiptono (2018:143) there are several strategies that can be combined to achieved and improve service quality, including:

1. Relationship Marketing. The transactional relationship strategy between the company and the customer is sustainable, does not end after the sale.
2. Superior marketing service strategy. The company tries to offer services that are superior to its competitors.
3. Strategy for unconditional customer extraordinary guarantees. To increase customer satisfaction, companies can develop service for care services.
4. Effective complaint handling strategy. Good complaint handling provides an opportunity to turn an unsatisfied customer into a satisfied one.
5. Strategy to improve company performance. The company makes various effort to improve the company's performance, such as monitoring and measuring customer satisfaction in, providing education and training related to communication, public relations to every level of management.

2.1.2.5. Factors That Influenced Service Quality

There are several factors that affect service quality, according to Tjiptono (2018:269) consisting of:

1. The image of the company, the impression of the company's separate assessment in society

2. Market communication, including promotion mix such as advertising, direct selling, public relations, and sales promotion.
3. Word of mouth communication, the company's external factors are based on the opinions of direct consumers and spread by word of mouth.
4. Consumers needs, what are the consumers solutions to meet their needs.

Factors that affect service according to Kasmir (2017:6) include:

1. Quality of labor. Includes knowledge and skills possessed by the workforce
2. Employee motivation. An encouragement possessed by employees to carry out an activity or work
3. Leadership. The process of influencing individuals is usually carried out by superiors to subordinates so that they can act in accordance with the will of the superiors in order to achieve company goals.
4. Employee welfare. Meeting the needs of employees by a company.
5. Work environment and other factors. Includes facilities and infrastructure used, technology, layout of buildings and rooms, product quality and so on.

2.1.3. Price

2.1.3.1. Pricing

According to Kotler and Armstrong (2012:345), price is the amount of money billed for product or service, or the sum all values given by customers to benefit from owning or using a product or service.

According to Tjiptono (2018:151) price is a monetary unit or other measure (including other goods and services) that is exchanged in order to obtain ownership rights or use of an item or service.

Meanwhile, according to Djaslim Saladin (2003) price is an amount of money as a medium of exchange to obtain a product or service. It can be concluded from the opinions of the experts above, price is the value used as a medium of exchange to obtain a product or service.

It can be concluded from the above opinion, price is income for the company that obtained from consumers, whereas if viewed from consumer perspective, price is an expense or sacrifice that must be incurred by consumers to get the desired product or service to meet the required needs.

2.1.3.2. Pricing Method

Pricing is a strategy that is key in the company as a form of concentration from deregulation and increasingly fierce global market competition. Price can influence buyers perceptions, financial flows, and in determining brand positioning.

Pricing methods (Kotler and Armstrong, 20:349) include:

1. Mark up Pricing. The selling price is determined based on the percentage of expected profit plus the overall coast of production as profit.
2. Target Return Pricing. The company determines the price level that will generates returns with predetermined target.
3. Perceived Value Pricing. The price is determined base on the customer's assessment of the product, if the consumer evaluates the product high then the price is set or the product is also high.

4. Going Rate Pricing. The existing price follows the existing market price based on the selling price set by competitors.
5. Sealed Bid Pricing. Price are determined base on the company's assumptions about how much prices competitors charge, not it own costs and demand used when the company wants to win the product.

According to Tjipto and Chandra (2016:226) which explain the pricing method as follows:

1. Demand-based pricing method.

A method that emphasizes the factors that influence customer tastes and references from factors such as cost, profit and competition.

2. Cost-based pricing method.

Prices are determined based on production and marketing costs added by a certain amount so as to cover direct costs, overhead costs and profits.

3. Profit-based pricing method.

Consisting of target profit pricing, target return on sales pricing, and target on investment pricing.

4. Competition-based pricing method. Prices can be set on a competitive basis, i.e. what competitors are doing. The competitive pricing method consist of customer pricing above at, or below market pricing, lost leader pricing and sealed bid pricing.

And according to Kotler and Armstrong (2012) there are three methods that can be used to set a price, including:

1. Value-Based Pricing means based on the benefits or value of a product or service based on the perceived value of the buyer.
2. Cost-Based Pricing means that pricing involves the cost of production, distribution and sale of products along with a reasonable rate of return

for effort and risk. Companies with low costs can charge low prices resulting in greater sales and profit.

3. Competitor-Based Pricing means that involves competitor costs, strategies and product. Consumers will base their judgment of product value on prices and costs for similar product.

2.1.3.3. Pricing Objectives

Pricing objectives according to Kotler and Keller (2016:76) include:

1. Ability to survive (Survival)

Companies pursue survival as their primary goal in the face of excess capacity, intense competition and changing consumer desires. As long as prices cover the variable costs and some the variable stay the same, the company stays in business. Survivability is a short term goal. In the long run, companies must learn how to add value or face extinction.

2. Current Maximum Profit

Many companies try to set a price that will maximize current profit. The company estimates the demand and costs associated with alternative prices and selects the price that produces the maximum current profit, cash flow, or return on investment.

3. Maximum Market Share

Some companies want to maximize their market share. The company believes that the higher the sales volume, the lower unit costs and higher the long-term profit. The company sets the lowest price assuming the market is price sensitive.

4. Maximum Market Skimming

Companies disclose new technologies that charge high price to maximize flushing of the market. Initially the price is set high and gradually decreases over time.

5. Product-Quality Leadership

Many brands strive to be “affordable luxury” – products or services characterized by high levels of perceived quality taste and status at price high enough not to be out of reach consumers.

Pricing objectives according to Harini (2008:55) are as follows:

1. Pricing to achieve investment returns
2. Pricing for price stability
3. Pricing to maintain or increase its share in the market
4. Pricing to face or prevent competition
5. Pricing to maximize profit.

2.1.3.4. Price Indicator

According to Kotler and Armstrong (2012:278), there are four indicators that characterize price:

1. Price Affordability

Is the aspect of determining the price carried out by producers or sellers in accordance with the purchasing ability of consumers.

2. Price match with product quality

Aspects of pricing carried out by producers or sellers in accordance with the quality of products that can obtain by consumers.

3. Prices competitiveness

Price offers given by producers or sellers are different and competitive with those given by other manufactures, on the same type of product.

4. Price compatibility with product benefits.

Aspect of pricing are carried out by producers or sellers in accordance with the benefit that consumer can get from the product purchased.

2.1.3.5. Factors Considered in Pricing

Pricing needs to be considered in order to minimize the occurrence of failure. According to Kotler and Armstrong in Fandy Tjiptono (2018) in general there are two main factors that need to be considered in setting prices, there are internal factors and external factors.

a. Company Internal Factors

1. Company Marketing Objectives. These goals can be in the form of maximizing profits, maintaining the company's survival, gaining a large market share, overcoming competition, and others.
2. Marketing Mix Strategy. Price is only one component of the marketing mix, therefore prices need to be coordinated and mutually supportive with other marketing mixes, which is product, distribution and promotion.
3. Cost. Determine the minimum price that must be set so that the company does not suffer losses.

b. External Environmental Factors

1. Competition. There are five main forces that influence competition, consisting of substitute products, suppliers, customer, and the threat of new entrants.
2. Every Market and Demand. Every company needs to understand the nature of the market and the demands it faces. Does it include monopolistic, competition market, oligopoly or monopoly.

2.1.4. Location

2.1.4.1. Location Definition

Location is where the company operates or where the company carries out activities to produce goods and services that are concerned with the economic aspect.

Location determination is the main strategy in business. A strategic location will be the opening road that determines the success of a business. Many entrepreneurs sometimes don't understand the importance of location when opening a business, so they don't conduct a location survey and develop the right strategy in selecting the location.

According to Ujang Suwarman (2004: 280), location is a place of business that greatly influences a consumer's desire to come and shop. While the definition of location according to Kasmir (2009: 129) is a place to serve consumers, it can also be interpreted as a place to display their wares. Based on the theory above, it can be concluded that the location is a place where the company operates and produces goods and services and the choice of a company location greatly determines the success of a business.

2.1.4.2. Location Determining Factors

According to Heizer and Render (2006) the purpose of the location strategy is to maximize location advantages for the company. Location decisions often depend on the type of business,

Factors to consider carefully in site selection are as follows:

- a. Accessibility, namely the ease of reaching
- b. Visibility, namely the ease of being seen

- c. Traffic, in this case there are two things to note
 - 1) The large number of people passing by can provide a great opportunity for an impulse to buy
 - 2) Traffic congestion and congestion can be a hindrance.
- d. Spacious and secure parking area
- e. Expansion, namely the availability of a large place for expansion in the future.
- f. Environment, namely the surrounding area that supports the services/products offered.
- g. Competition, namely whether there are similar competitors around the location.

2.1.4.3. Purpose Determination and Site Location

According to Munawaroh (2013), location determination has several objectives according to the type of business to be carried out, namely

- 1. For industry, to minimize costs. The right location close to the location of the warehouse for storing materials and production sites can save on transportation costs.
- 2. For retail and professional services to maximize revenue. The selection of retail locations and professional services that are easily accessible to consumers allows large quantities of sales to occur, thereby increasing the company's revenue.
- 3. Divide Warehouse locations to maximize delivery speed and minimum costs. The distance between the Warehouse and the exact factory location will speed up the delivery of goods while minimizing costs.

2.1.4.4. Location Type

According to Sumaatmadja (1981), based on spatial planning, locations are divided into two types, namely:

1. Absolute location, namely a place or area whose location is related to astronomical location, namely by using latitude and longitude, and can be known with certainty by using a map. The absolute location of an area cannot change or change according to changing times but is fixed because it is related to the shape of the earth.
2. Relative location, namely a place or area related to the characteristics of a place or an area, the characteristics of the place concerned can be abstracted further. Relative location does provide an overview of the backwardness, development, and progress of the region in question compared to other regions. Relative location can be viewed from the site and situation. Site is all the internal characteristics or characteristics of a particular area while the situation is the relative location of the place or area concerned with the external characteristics of a region.

2.1.4.5. Aspects of Site Selection

Location selection must consider various aspects which are of course directed to encourage sales and provide benefits for the company. According to Murdifin and Mahfud (2007) in determining and selecting a business location, management needs to consider several aspects as follows:

1. The location relates to a very large number of long-term investments that are faced with conditions full of uncertainty.

2. Location imposes a permanent framework of operating constraints or constraints (covering legislation, labour, community, etc.) and these constraints may be difficult and expensive to change.
3. Location has a significant impact on the company's competitive position, which will minimize production costs and also marketing costs for the resulting output

According to Lupiyoadi and Hamdani (2011), there are three types of interactions that will later influence the determination of the location/organization of services, namely:

1. Consumers come to service providers (companies.organizations), if this is the case then the location becomes very important. Companies are better off choosing places that are close to consumers so that they can be reached, in other words, strategic locations.
2. Service providers come to consumers, in this context the existence of a location is not so important, however, marketers who are capable and of high quality are needed in conveying promotions for companies/organizations.
3. Service providers and consumers do not meet face to face, meaning that service providers and consumers transact through certain means, as now the online world or the internet has spread all over the world. In this case the location becomes very unimportant as long as the communication between the two parties is carried out properly.

2.1.5. Customer Satisfaction

2.1.5.1. Customer Satisfaction Definition

Satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance (result) of the product that is thought to expected performance (Kotler and Keller 2016:177).

According to Simamora (2008:18) customer satisfaction is the result of product experience. This is the customer's feeling after comparing the expectation with actual performance.

Based on the opinions of the experts above, it can be concluded that customer satisfaction is an experience of feeling happy or disappointed that arises after comparing expectation and expected performance.

Customer satisfaction is very important for the company to pay attention to because it is directly related to the success of marketing and selling the company's products. Customer satisfaction or dissatisfaction can be seen from the suitability between customer expectations and perceptions of the services received.

2.1.5.2. Customer Satisfaction Measurement Technique

Kotler (2005:102) identifies four method to measure customer satisfaction, that is :

1. Complaint and suggestion system

Every customer-oriented organization needs to provide opportunities and easy and convenient access for its customers to submit their suggestion, criticisms, opinions, and complaints. The media used can be the form of suggestion box, comment card, special telephone lines, websites, and others.

2. Ghost shopping (mystery shopping)

One way to get an idea of customer satisfaction is to hire some ghost shoppers to act or pretend to be potential customers of the company's products and competitors.

3. Lost customer analysis

Wherever possible the company contacts customers who have stopped buying or who have moved suppliers to understand why this is happening so that they can take further improvement policies.

4. Customer satisfaction survey

Most customer satisfaction research is carried out using survey methods, either by post, telephone, email, website, or direct interviews.

Meanwhile, according to Fandy Tjiptono (2018:368) there is no single "best" measure of customer satisfaction that is universally agreed upon. However, in terms of measuring customer satisfaction, there are similarities at least six core concept regarding object measurement, consist of:

1. Overall customer satisfaction

The simplest way to measure customer satisfaction is to directly ask customers how satisfied they are with a particular product or service.

2. Confirm expectations

In this concept, satisfaction is not measured directly, but is aligned based on the suitability or discrepancy between customer expectation and the actual performance of the company's products on a number of important attributes.

3. Interest in repurchasing

Is customer satisfaction that is measured behaviorally by asking whether the customer will shop or use the company's services again.

4. Willingness to recommend

Willingness to recommend a product to friends or family is an important measure for analysis and action. If the service received or perceived is as expected, then the service quality is perceived as good and satisfying, so that through that satisfaction the consumer will purchase a service or decide to use the service and will eventually recommend it to others.

5. Customer dissatisfaction

There are the aspects used to determine customer dissatisfaction, including: complaints, product returns, warranty, recalls, negative word of mouth, defections.

2.1.5.3. Factor Affecting Customer Satisfaction

According to Lupiyoadi (2013:158) as follows:

1. Product quality, consumer will feel satisfied if the results of their evaluation show that the products they use are of high quality.
2. Quality of service, especially for the service industry, consumer will feel satisfied if they get good service or what is expected.
3. Emotional, consumers will feel proud and gain confidence that other people will be amazed by them when using products with certain brands that tend to have a certain level of satisfaction.
4. Price, products have the same quality but set a relatively cheap price will provide higher value to consumers.
5. Cost, consumers do not need to incur additional costs or do not need to waste time to get a product or service tend to be satisfied with the product or service.

According to Zeithaml and Bitner, the factors that influence customer satisfaction are as follows:

1. Quality of services, customer will be satisfied if they get good service and in line with expectations.
2. Product quality, customers will be satisfied if the product they get is of high quality.
3. Price, relatively low prices and products that have the same quality will provide higher value to customers.
4. Situation factors, the circumstances experienced by customers.
5. Personal factors from customers, characteristics that match personal needs.

2.1.5.4. Customer Satisfaction Indicator

According to Hawkins and Lonney quoted in Tjiptono (2018:101), the attributes that make up consumer satisfaction consist of :

1. Conformity of expectations, is the level of conformity between product and performance that is expected by consumers and what consumers feel.
2. Interest in revisiting, is the willingness of consumers to revisit or repurchase related products.
3. Willingness to recommend, is willingness of consumers to recommend what they have felt to their friends or family.

Meanwhile, according to Kotler and Keller (2016:155) indicators of customer satisfaction are as follows:

1. Stay loyal longer
2. Buy more as the company introduces new and upgraded products
3. Talks favorably to others about the company and its products

4. Pay less attention to competing brands and is less sensitive to price
5. Offer product or service ideas to the company

2.2. Previous Research

Table 2.1 List of Previous Research

No	Author	Title	Variables	Result
1	Vivianli Liu (2016)	Analysis the Effect of Service Qualoty, Price and Café Ambience on Customer Satisfaction (Case Study of Goebex Coffee Yogyakarta)	a. Service Quality b. Price c. Café Ambience d. Customer Satisfaction	The result of this research indicate that customer satisfaction is influenced by service quality, price and café ambience. This is because the quality of service, price and ambience of Goeboex Coffee have high attractiveness which directly makes customers feel satisfied
2	Susi Susanti (2019)	The Effect of Service Quality and Price on Customer Satisfaction at Coffee RR Pekanbaru	a. Service Quality b. Price c. Customer Satisfaction	The results of this research indicate that service quality and price have a positive effect on customer satisfaction at RR Coffee
3	Yulianti (2019)	The Effect of Service Quality and Price on Customer Satisfaction at Kedai Kopi Papa Ong	a. Service Quality b. Price c. Customer Satisfaction	The results of this research indicate that service quality have a positive and significant impact on customer satisfaction
4	Kurnia Triantoro, sudharto P. Hadi, Sri Suryoko, 2015	The Effect of Service Quality and Price on Customer Satisfaction of Economy Class Train Service Users (Case Study at PT. Kereta Api Indonesia DAOP IV Semarang)	a. Service Quality b. Price c. Customer Satisfaction	The results of this research indicate that service quality have a positive and significant impact on customer satisfaction

2.3. Research Framework

All companies have a goal to sell the products or services they offer to consumers in the hope that customers will go home happy and achieve customer satisfaction. Service quality according to Kotler and Keller (2012) is any action offered by the company is basically intangible and does not result in any ownership aimed at fulfilling consumer desires. In addition to service quality, another influential aspect is price. According to Kotler and Keller (2012) price is the amount of money charged to consumers for a products or service. If consumers feel the quality and service provided by the company is good, consumers will usually satisfied and come or but the product again. According to Kotler and Keller (2012), customer satisfaction is person's feelings of pleasure of disappointment that arise after comparing the product performance that is thought of with the expected performance. Based on the literature review in the research framework, the authors want to develop a research framework as follows

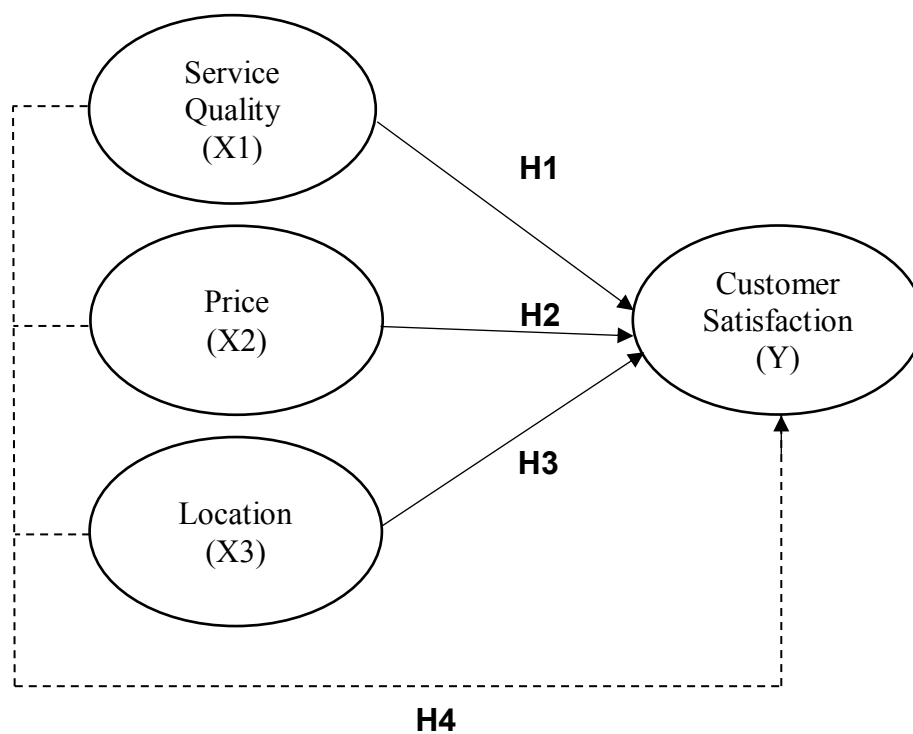


Figure 2.1 Research Framework

2.4. Hypotheses

Based on the theoretical review as described above, the hypotheses developed in this research are :

- H1 : Service quality has a significant effect on customer satisfaction
- H2 : Price has a significant effect on customer satisfaction
- H3 : Location has a significant effect on customer satisfaction
- H4 : The dominant variable that influences customer satisfaction is service quality