

The Effect of Perceived Price and Service Quality on Customer Satisfaction

Iip Saepullo^{1*}, Abdul Rauf¹

¹Universitas Muhammadiyah Tangerang

Jl. Perintis Kemerdekaan I No.33, RT.007/RW0, Kec. Tangerang, Kota Tangerang, Indonesia

*Email: siip21466@gmail.com

ABSTRACT

This study aims to analyze customer satisfaction at RM Pecak Bandeng Sawah Luhur. This study uses descriptive quantitative methods to determine the effect of perceived price and service quality on customer satisfaction at RM Pecak Bandeng Sawah Luhur. The tool used in this study is the Partial Least Square (PLS) based Structural Equation Model (SEM). PLS is a component- or variant-based structural equation model (SEM). PLS model evaluation is done by assessing the outer model and inner model, used to test 100 samples (respondents) obtained from the slovin formula. The results of this study indicate that perceived price have a positive effect on customer satisfaction and service quality has a positive effect on customer satisfaction.

Keywords: Perceived Price, Quality Service.

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

INTRODUCTION

In this era of technological development and modernization, namely with the internet, businesses can still get opportunities to continue to grow and benefit in the digital service business. This is marked by the needs and desires of the people who want everything quickly and easily, so that from this situation companies can quickly take advantage of existing opportunities. In winning the competition, companies must be able to understand the needs and desires of their customers. Every company is required to make customers feel satisfied by offering good service, considering that the company must be able to maintain its market position in the midst of increasingly fierce competition. To win the competition, companies must be able to provide satisfaction to customers.

Customer satisfaction can be interpreted as a comparison between expectations or expectations before purchase and perceptions of performance after purchase (Bahriansyah & Sari Arista, 2021). In addition to being an important factor for the survival of the company, satisfying customer needs can increase excellence and competition. This means that satisfaction is a key factor for customers in making repeat purchases, which is the largest portion of sales volume. Along with the password Richard Oliver dalam Tampanguma et al., (2022), Customer satisfaction is a fulfillment response from customers towards a product or service itself that has met customer needs and expectations.

Based on the results of observations made by researchers on social media that customers are not satisfied with the quality of service provided, difficulties in ordering food and setting prices given are not as desired. In line with the results of interviews conducted by researchers with one of the customers, said that there had been a decrease in visitors. This statement is supported by the results of interviews conducted by researchers with restaurant owners, informants stated that RM Pecak Bandeng Sawah Luhur is likely to experience a decrease in visitors in 2022.

Table 1 Visitor Data for RM Pecak Bandeng Sawah Luhur for 2022

No	Month	Amount of Visitors (2022)
1	Januari	1.139 Visitors
2	Februari	957 Visitors
3	March	907 Visitors
4	April	862 Visitors
5	Mei	1.214 Visitors
6	June	1.012 Visitors
7	July	842 Visitors
8	August	739 Visitors
9	September	722 Visitors
10	October	689 Visitors
11	November	679 Visitors
12	December	619 Visitors
Total		10.381 Visitor

Source: Data of RM Pecak Bandeng Sawah Luhur, 2022

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

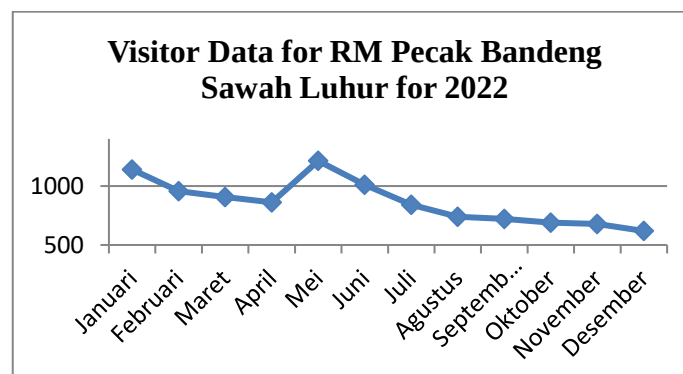


Figure 1. Visitor Data for RM Pecak Bandeng Sawah Luhur for 2022

Based on the table and graph above, it shows that visitors at RM Pecak Bandeng Sawah Luhur tend to experience a decrease. The decrease in the number of visitors occurred from February 2022 to April 2022, then experienced an increase in May 2022. From June 2022 to December 2022 there was a very drastic decrease. The number of visitors that fluctuate every month and tends to decrease is inseparable from factors that are thought to influence such as price affordability, promotions carried out and services provided, will influence customers to continue to choose RM Pecak Bandeng Sawah Luhur as their choice.

The factor that influences customer satisfaction is price. There is a change in customer behavior in line with the price changes that will be applied to RM Pecak Bandeng Sawah Luhur in 2022. Price is one of the factors that affect customer satisfaction. Many companies go bankrupt because they set prices that do not match customer expectations. The price set must be in accordance with the customer's economy, so that the customer can buy the item. The pricing given is in accordance with customer expectations. If the price given to the customer is appropriate, satisfaction will be created regarding the price set by the company. According to Pangastuti et al., (2019), states that price is the amount of money charged for a particular product. Price is a factor that influences customer satisfaction in buying a product or service.

Based on research conducted by Alfiana et al., (2021), It is known that price has a positive effect on customer satisfaction at Kinamang Grilled Fish Restaurant. Therefore, companies must set prices appropriately so that customers are satisfied. The impact of setting a selling price that is too high will cause consumers to switch to competing companies that offer lower prices with relatively the same quality.

In addition to price, service quality is also a factor that affects customer satisfaction. Quality of service is a strategy to attract more new customers, retain existing customers, avoid switching customers and create special advantages. According to Dzikra (2020), states that service quality is a strategic system involving all work units or organizational units from management to employees so as to meet the needs expected by consumers. Service quality and customer satisfaction have a fairly strong relationship, the nature of the relationship is positive, which means that if the quality of service increases, customer satisfaction also increases.

Based on research conducted by Maulidah et al., (2019), The results of this study indicate that the quality of service has a significant effect on customer satisfaction at Nelongso Jember Fried Chicken Restaurant. Service quality is something that must be

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

considered by the company to create customer satisfaction. Consumer satisfaction can affect consumer behavior. Satisfied consumers will feel happy, and often visit the same company.

RESEARCH**Types of Research**

This type of research uses descriptive quantitative methods. According to Sugiyono (2018), Descriptive quantitative is a research method that describes and explains the independent variables to analyze their effect on the dependent variable.

Operational Definitions and Variables

The independent variable is the variable that influences or causes the change or the emergence of the dependent variable (Sugiyono, 2019:61). The independent variable used in this study, namely Perceived Price (X1), is the amount of money charged to a particular product. The industry sets prices in a variety of ways. In large companies, pricing is generally handled by division managers and product line managers (Kotler, 2019:131). Indicators of perceived price are: 1) Affordability of prices; 2) Price conformity with product quality; 3) Price competitiveness; and 4) Appropriateness of price with benefits. Service Quality (X2) according to Arianto (2018: 16) in Rachmawati & Jaenudin (2022), can be interpreted as focusing on meeting needs and requirements, as well as on timeliness to meet customer expectations. Indicators of service quality are: 1) Reliability (reliability); 2) Responsiveness (responsiveness); 3) Assurance (guarantee); 4) Empathy (attention); and 5) Tangibility (physical evidence). Customer Satisfaction (Y) is a measurement of the extent to which customers or users of company products or services are very happy with the products or services received. Indicators of customer satisfaction are: 1) Price; 2) Product quality; 3) Service quality; and 4) External factors.

METHOD**Population, Sample and Sampling Technique**

The population in this study is all customers at RM Pecak Bandeng Sawah Luhur in 2022 as many as 10,381 people. The sample in this study was 100 respondents using the Slovin formula. The sampling technique in this study used a random sampling technique.

Method of Collecting Data

The data collection method in this study used a questionnaire (questionnaire) which became the primary data. The measuring instrument is in the form of a Likert scale and is given a score for each statement. Where is the score of each category namely; Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5.

Data Analysis Method

In this study the method of data analysis is quantitative analysis. The quantitative method is an analytical model that uses numerical or qualitative numerical data. The data analysis model in this study began to be analyzed using descriptive statistics. In measuring this research whether the model can be continued for research is the outer analysis model which consists of convergent validity tests, reliability tests, R square and compatibility tests, (if the loading factor value is more than 0.7 and the AVE value > 0.5 then the instrument is declared valid and can be continued) while the inner model is used to test the research hypothesis. Hypothesis testing is used to test whether the research hypothesis is accepted or rejected, so that it can be proven whether exogenous variables affect endogenous variables.

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

RESULTS AND DISCUSSION

Statistical Test Results

The objects in this study were 10,381 customers of RM Pecak Bandeng Sawah Luhur in 2022. The sample for this study was 100 respondents.

Descriptive Statistical Analysis

This study uses descriptive analysis to provide an overview of Perceived Price and Service Quality. Descriptive analysis was carried out by looking at the average value of each research variable indicator.

Table 1. Perceived price Descriptive Statistical Analysis (X1)

	No.	Missings	Mean	Median	Min	Max	Standard deviation
X1.1	1	0	3.83	4	2	5	1.273
X1.2	2	0	2.99	2	1	5	1.493
X1.3	3	0	2.54	2	1	5	1.676
X1.4	4	0	3.67	5	1	5	1.686
X1.5	5	0	3.14	4	1	5	1.789
X1.6	6	0	3.19	3	1	5	1.566
X1.7	7	0	3.19	3	1	5	1.521
X1.8	8	0	2.91	3	1	5	1.756

Source: (Data processed from SmartPLS 4, 2023)

Based on the results of the descriptive analysis in table 1 above, the results of the analysis show that the average value of each indicator on the perceived price variable agrees (shown from the average value above 3.2) respondents agree about price affordability, price suitability product quality, price competitiveness and suitability of price with benefits. The lowest average value experienced by this indicator indicates pricing is considered not optimal because it is still very expensive compared to competitors around it.

Table 2. Descriptive Statistical Analysis of Service Quality (X2)

	No.	Missings	Mean	Median	Min	Max	Standard deviation
X2.1	9	0	3.48	4	1	5	1.315
X2.2	10	0	3.18	4	1	5	1.359
X2.3	11	0	3.53	4	1	5	1.212
X2.4	12	0	3.31	4	1	5	1.181
X2.5	13	0	3.55	4	2	5	1.033
X2.6	14	0	3.13	3	1	5	1.23
X2.7	15	0	3.25	4	1	5	1.099
X2.8	16	0	3.11	3	1	5	1.469
X2.9	17	0	3.41	4	1	5	1.15
X2.10	18	0	3.23	3	1	5	1.427

Source: (Data processed from SmartPLS 4, 2023)

Based on the results of the descriptive analysis in table 2 above, the results of the analysis show that the average value of each indicator on the perceived price variable agrees

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

(shown from the average value above 3.3) respondents agree that employees must be reliable in doing business his work, being responsive in serving customers, giving guarantees when the product presented is not appropriate, greeting customers and the place provided must be clean and comfortable.

Table 3. Descriptive Statistical Analysis of Customer Satisfaction (Y)

	No.	Missings	Mean	Median	Min	Max	Standard deviation
Y.1	19	0	3.41	3	1	5	1.312
Y.2	20	0	2.68	3	1	5	1.174
Y.3	21	0	3.68	4	1	5	1.356
Y.4	22	0	3.34	4	1	5	1.373
Y.5	23	0	3.66	4	1	5	1.235
Y.6	24	0	3.35	4	1	5	1.236
Y.7	25	0	3.4	4	1	5	1.407
Y.8	26	0	2.85	3	1	5	1.74

Source: (Data processed from SmartPLS 4, 2023)

Based on the results of the descriptive analysis in table 3 above, the results of the analysis show that the average value of each indicator on the customer satisfaction variable agrees (shown from the average value above 3.3) respondents agree regarding pricing, product quality, service quality and external factors. The lowest average value experienced by this indicator indicates that the available products do not meet customer needs.

In this study, the perceived price variable was measured by 4 indicators through 8 statement items, and the Service Quality variable was measured by 5 indicators through 10 statement items, while the Customer Satisfaction variable was measured by 4 indicators through 8 statement items. The following are the specifications for the PLS model in this study which are presented in the form of an image below:

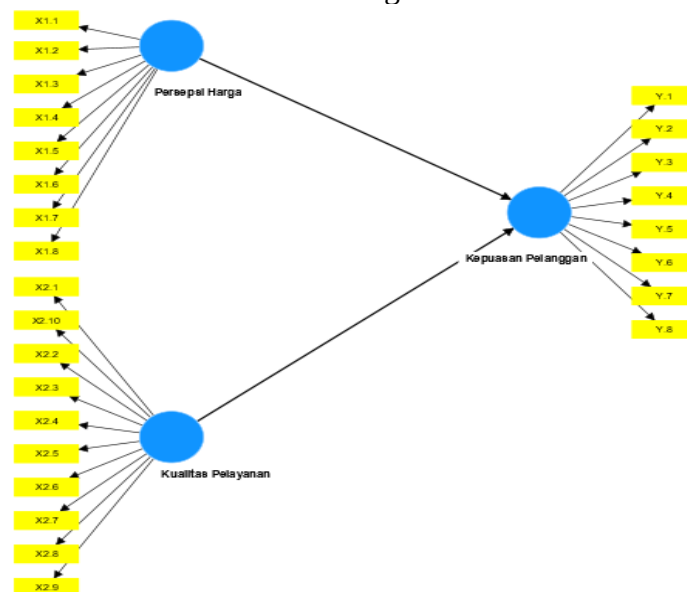


Figure 1. PLS Specification Model

Source: (Data processed from SmartPLS 4, 2023)

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

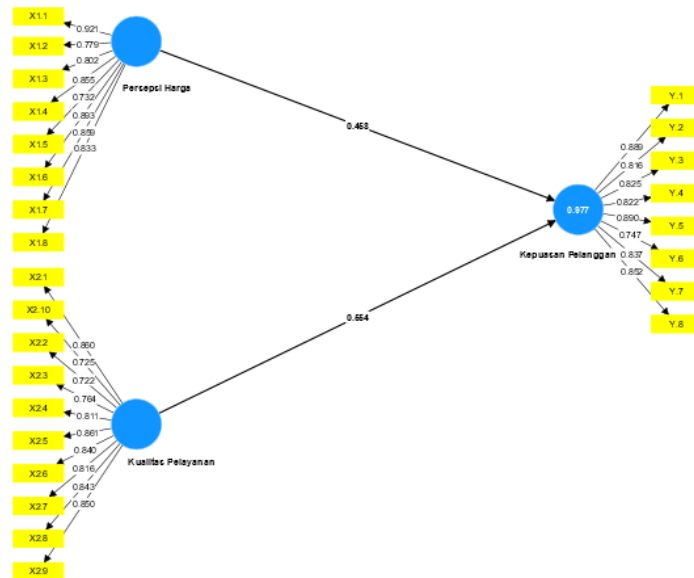


Figure 2. PLS Model Estimation Results – Algorithm

Source: (Data processed from SmartPLS 4, 2023)

Based on the estimation results of the PLS model in the figure above, all indicators already have a loading factor value above 0.7. The loading factor values for each indicator and the complete AVE values for each construct can be seen in the following table:

Table 4. Nilai Loading factor dan AVE

Variabel	Indikator	Loading Factor	Cut Value Loading Factor	AVE	Cut Value AVE	Validitas Konvergen
Persepsi Harga	X1.1	0.921	0.7	0.699	0.5	Valid
	X1.2	0.779	0.7			Valid
	X1.3	0.802	0.7			Valid
	X1.4	0.855	0.7			Valid
	X1.5	0.732	0.7			Valid
	X1.6	0.893	0.7			Valid
	X1.7	0.859	0.7			Valid
	X1.8	0.833	0.7			Valid
Kualitas Pelayanan	X2.1	0.86	0.7	0.657	0.5	Valid
	X2.2	0.725	0.7			Valid
	X2.3	0.722	0.7			Valid
	X2.4	0.764	0.7			Valid
	X2.5	0.811	0.7			Valid
	X2.6	0.861	0.7			Valid
	X2.7	0.84	0.7			Valid
	X2.8	0.816	0.7			Valid
	X2.9	0.843	0.7			Valid
	X2.10	0.85	0.7			Valid
Kepuasan Pelanggan	Y1	0.889	0.7	0.699	0.5	Valid
	Y2	0.816	0.7			Valid
	Y3	0.825	0.7			Valid
	Y4	0.822	0.7			Valid
	Y5	0.89	0.7			Valid
	Y6	0.747	0.7			Valid
	Y7	0.837	0.7			Valid
	Y8	0.852	0.7			Valid

Source: (Data processed from SmartPLS 4, 2023)

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

The results of the PLS analysis in the table above show the loading factor values of all indicators > 0.7 and the AVE values for all constructs that have exceeded 0.5 which indicates that all indicators in each construct have met the convergent validity required by the criteria.

Determination Coefficient Test. Smart PLS calculates the output of R Square and Adjusted R Square as follows:

Table 5. R Square Value

	R-square	R-square adjusted
customer satisfaction	0.977	0.977

Source: (Data processed from SmartPLS 4, 2023)

From the picture above it can be concluded that the perceived price and service quality contributed to customer satisfaction by 0.977 or 97.7% while the remaining 2.3% was explained by other variables not examined in this study.

Goodness of fit Model test. After fulfilling the validity and reliability of the constructs at the outer model testing stage, the test continues with testing the goodness of fit model. The fit of the PLS model can be seen from the model's SRMR value. The PLS model is declared to meet the goodness of fit model criteria if the SRMR value is < 0.10 and the model is declared perfect if the SRMR value is < 0.08 .

Table 6. Model Fit

	Saturated model	Estimated model
SRMR	0.097	0.097
d_ULS	3.321	3.321
d_G	5.254	5.254
Chi-square	2,045.945	2,045.945
NFI	0.534	0.534

Source: (Data processed from SmartPLS 4, 2023)

From the results of the PLS model fit test, it shows that the SRMR value of the model is 0.097 and the SRMR value of the prediction model has an SRMR of 0.097. Because the SRMR model is saturated and the prediction model is below 0.10, the PLS model is declared to meet the criteria, so it is suitable to be used to test the research hypothesis.

Inner Model test. Testing the inner model in this study includes testing the significance of the direct effect, and measuring the effect of each exogenous variable on the endogenous variables. All of these tests will be used to test the research hypothesis. The direct effect significance test was used to test the effect of exogenous variables (Perceived price, Service Quality) on endogenous variables (Customer Satisfaction) H1: The Effect of Perceived prices on Customer Satisfaction RM Pecak Bandeng Sawah Luhur, H2: The Effect of Service Quality on Customer Satisfaction RM Pecak Bandeng Sublime Field. The significance of exogenous variables to endogenous variables is if the P value < 0.05 and the

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

T statistic > 1.96. whereas if the P Values > 0.05 indicates that the exogenous variables have no significant effect on the endogenous variables, that is, the significance test can then be used to see the effect of exogenous variables on endogenous ones. The estimation results of the model as a reference for testing the hypothesis in this study can be seen in the following figure

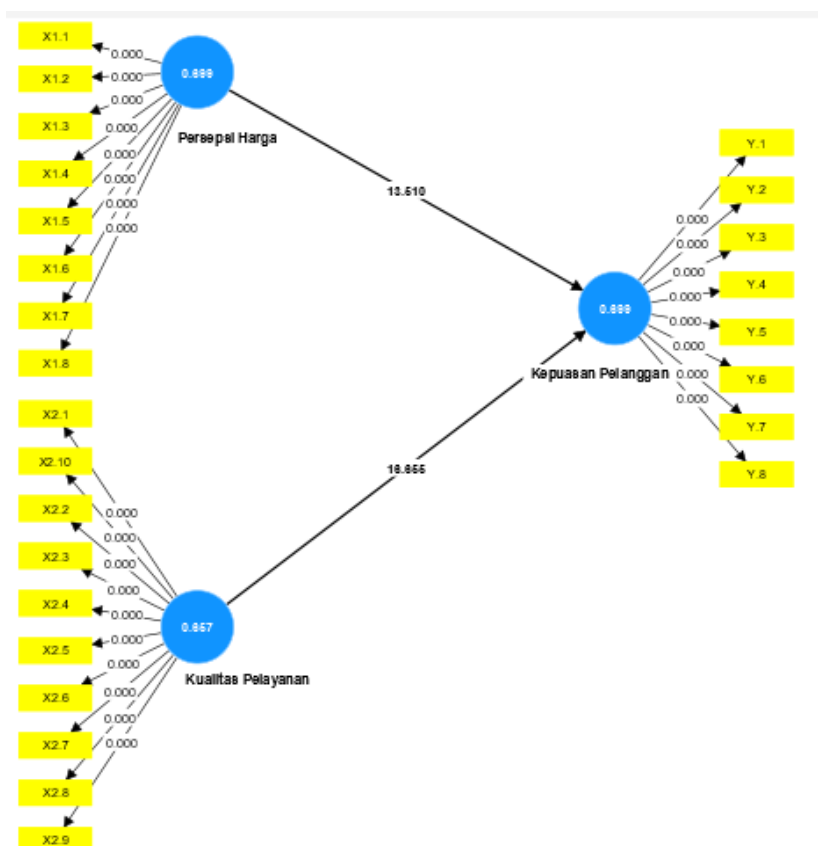


Figure 4. PLS Model Estimation Results – Bootstrap
Source: (Data processed from SmartPLS 4, 2023)

Based on the estimation results of the PLS model with the bootstrap technique above, the t value for the Perceived price variable is 13,510 > 1.96 while for the Service Quality variable it is 16,665 > 1.96. Complete significance test results can be seen in the table below:

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Table 7. Significance test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Kualitas Pelayanan -> Kepuasan Pelanggan	0.554	0.554	0.033	16.655	0.000
Persepsi Harga -> Kepuasan Pelanggan	0.458	0.457	0.034	13.510	0.000

From the test results using SmartPLS, the perceived price variable has a value of 13,510 greater than 1.96 (T statistic > T table) and a P value of 0.000 less than 0.05. This means that the H1 hypothesis (Perceived price on Customer Satisfaction) has a positive effect, while the Service Quality variable has a value of 16.665 greater than 1.96 (T statistic < T table) and a P value of 0.000 less than 0.05. This means that H2 (Quality of Service on Customer Satisfaction) has a positive effect.

Perceived price On Customer Satisfaction

The results of the study prove that perceived prices have a positive effect on customer satisfaction. The better the company is at setting prices, the customers will be satisfied and according to expectations. This can provide optimal benefits for the company. This condition is in accordance with the results of research conducted by Alfiana, et al., (2021) that perceived prices affect customer satisfaction.

Service Quality On Customer Satisfaction

The results of the study prove that service quality has a positive effect on customer satisfaction. Service quality provides an impetus to customers to establish strong relationships with service institutions. The better the service provided, the customer will be satisfied. Companies will get optimal profit when customers get good service. This condition is in accordance with the results of research conducted by Maulidah et al., (2019)

IMPLICATIONS

The implications of the results of this study explain what factors can cause customers to feel satisfied with the pricing and services provided by the company, and the results of this study can also be used as a reference for RM Pecak Bandeng Sawah Luhur in setting appropriate prices and improving service from its employees. improved in order to increase customer satisfaction.

CONCLUSION

The results and study of this study concluded that: (1) the perceived price variable has a positive effect on customer satisfaction. (2) The service quality variable has a positive effect on customer satisfaction. Thus it has the opportunity to: Customers will be satisfied when the price is affordable and they get good service.

REFERENCES

- Bahriansyah, B., & Sari Arista, D. N. (2021). Pengaruh Kualitas Pelayanan Terhadap Kepuasan Pelanggan Pada Hotel Pondok Losari Di Makassar. *Movere Journal*, 3(1), 104–114. <https://doi.org/10.53654/Mv.V3i1.174>
- Dzikra, F. M. (2020). Pengaruh Kualitas Pelayanan Terhadap Kepuasan Konsumen Pada Bengkel Mobil UD. Sari Motor Di Pekanbaru. *Eko Dan Bisnis: Riau Economic And Business Review*, 11(3), 262–267. <https://doi.org/10.36975/Jeb.V11i3.284>

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

- Ikhsana, P. D., Prisanto, G. F., & Anggraini, R. (2019). Penerapan Strategi E-Marketing Communication Dan Ekuitas Merek Siaranku. Com Terhadap Loyalitas Viewers. *Inter Komunika : Jurnal Komunikasi*, 4(1), 58. <https://doi.org/10.33376/Ik.V4i1.217>
- Kinamang, I. B. (2021). A.L.Worotikan J.D.D.Massie., H.Tawas.
- Masili, V., Lumanauw, B., & Tielung, M. V. J. (2022). Pengaruh Kualitas Layanan Terhadap Loyalitas Pelanggan Dengan Kepuasan Pelanggan Sebagai Variabel Intervening Pada Usaha Toko Bahan Bangunan Mentari Di Desa Sea Kecamatan Pineleng Kabupaten Minahasa.
- Maulidah, I., Widodo, J., & Zulianto, M. (2019). Pengaruh Kualitas Produk Dan Kualitas Pelayanan Terhadap Kepuasan Konsumen Di Rumah Makan Ayam Goreng Nelongso Jember. *Jurnal Pendidikan Ekonomi: Jurnal Ilmiah Ilmu Pendidikan, Ilmu Ekonomi Dan Ilmu Sosial*, 13(1), 26. <https://doi.org/10.19184/Jpe.V13i1.10416>
- Melati, R. S., & Dwijayanti, R. (2020). Pengaruh Harga Dan Online Consumer Review Terhadap Keputusan Pembelian Case Handphone Pada Marketplace Shopee (Studi Pada Mahasiswa Surabaya). 8(2).
- Muttaqien, I. (2018). Faktor-Faktor Yang Mempengaruhi Penggunaan E-Marketing Terhadap Kepuasan Konsumen Pada Hartanimart.Com.
- Pangastuti, J., Sudjiono, S., & Prastiti, E. (2019). Pengaruh Kualitas Produk Dan Harga Terhadap Keputusan Pembelian Produk Kosmetik Wardah Pada Counter Wardah Di Borobudur Kediri. *JIMEK : Jurnal Ilmiah Mahasiswa Ekonomi*, 2(1), 69. <https://doi.org/10.30737/Jimek.V2i1.424>
- Rachmawati, D. I., & Jaenudin, J. (2022). Pengaruh Persepsi Harga, Promosi Penjualan, Dan Kualitas Pelayanan Dalam Menciptakan Loyalitas Pelanggan. *Smart Management Journal*, 3(1), 21–27. <https://doi.org/10.53990/Smj.V3i1.201>
- Tampanguma, I. K., Kalangi, J. A. F., & Walangitan, O. (2022). Pengaruh Kualitas Pelayanan Terhadap Kepuasan Pelanggan Rumah Es Miangas Bahu Kota Manado. 3(1)