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The Effects of Price And Service Quality on Customer Satisfaction at Alfamart Minimarket Betet Raya.

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Abstract. The research was conducted on consumers of “Alfamart” Minimarket in Tangerang, with the research variables being price, service quality, and customer satisfaction. The purpose of this research is to analyze and test the truth of hypothesis about the effects of price and service quality on customer satisfaction at “Alfamart”. The study involved 96 respondents who were customers of “Alfamart”. The data was analyzed using validity test, classic assumption test, multiple linear regression equations, T-tests, F-tests, and Determination (R^2). The results of hypothesis test is obtained conclusions are: There is a significant effect of price on customer satisfaction, it is proven with sig score = $0.000 < 0.05$ and $t_{\text{Count}} > t_{\text{Table}}$, which is $9.310 > 1.985$. There is a significant effect of service quality on customer satisfaction, it is proven with sig score = $0.000 < 0.05$ and $t_{\text{Count}} > t_{\text{Table}}$, which is $7.520 > 1.985$. There are simultaneously effects of price and service quality on customer satisfaction, it is proven with sig score = $0.000 < 0.05$ and $f_{\text{Count}} > f_{\text{Table}}$, which is $52.027 > 3.09$. The Adjusted R-Square value is 0.548.

Keywords: Price, Service Quality, Customer Satisfaction

A. INTRODUCTION

In facing competition in the current global era, companies are demanded to work more efficiently and effectively, especially in terms of product value and level of service to customers. A company is an organization that gathers people commonly referred to as employees or workers to carry out the company's production activities. Customer satisfaction is the most important factor in determining the progress or decline of a company. To maintain the company's existence and advancement, it is necessary to fulfill the needs of customers so that they feel satisfied and loyal to the company.

Retail business operators must be able to offer the right products, at the right price, time, and place. Understanding the characteristics of the target market or consumers to be served is crucial for retail players. Retail business managers need to implement integrated management functions, including finance, marketing, human resources, and operations. Retail businesses in Indonesia will face intense competition, especially with the increasing presence of foreign retailers with strong brands and seemingly unlimited funds. Therefore, retail in Indonesia needs to be wary of or understand various trends that will occur in the future retail world.

One of the retail businesses facing intense competition and increasing numbers is Alfamart. Alfamart minimarket is a retail company that sells consumer goods through a minimarket model and currently has thousands of branches in Indonesia. The minimarket can be found by visiting one of the branch outlets located at Jl. Betet Raya No.3 RT/RW 007/001, Cibodasari, Cibodas – Tangerang City. The presence of many competitors in the same industry requires the owner of PT. Sumber Alfaria Trijaya Tbk “Alfamart” to be able to cope with intense competition from its rivals. The owner of Alfamart needs to deeply understand the desires of consumers in order to achieve customer satisfaction. Service quality and price are two aspects to consider in enhancing customer satisfaction. Customers who are satisfied with the provided service will develop a positive perception of the company. Based on this, the researcher is interested in conducting research at Alfamart minimarket Betet Raya due to the presence of many similar competitors competing in the surrounding area. The researcher wants to determine whether the implemented price and service quality already meet customer satisfaction. Therefore, the researcher aims to investigate **“The Effects of Price And Service Quality on Customer Satisfaction at Alfamart Minimarket Betet Raya”**.

B. LITERATURE REVIEW

Price

Amilia (2017) states that price is something that needs to be spent to acquire other goods or products that are needed. Zakaria (2017) defines price as the amount of money paid for a product/service and serves as the buyer's exchange value to experience the benefits of using the goods/services. In contrast, according to Firdiyansyah (2017), price is what buyers spend in order to be able to experience the power provided by the company's marketing. Price is often used as an indicator of value when it is associated with the perceived benefits of a product or service. Therefore, it can be concluded that at a certain price level, if the perceived benefits to consumers increase, the value will also increase. In determining the value of a product or service, consumers compare the ability of a product or service to meet their needs with the ability of substitute goods or services.

In other words, at a given price level, consumers can experience the benefits of the product they have purchased. And consumers will feel satisfied if the benefits they receive are equivalent to or even higher than the amount of money they spend.

The four indicators of price characteristics according to Kotler and Armstrong (2016) are as follows:

- a. Price compatibility with product quality
- b. Price affordability
- c. Price matching capability or competitive pricing
- d. Price compatibility with benefits

Service Quality

Service quality is a form of intangible collaboration that lacks physical appearance and easily disappears (Atmadjati, 2018). Service quality cannot be seen with the naked eye, so sellers will have difficulty evaluating it without directly asking the buyer. The direct experience of the buyer becomes one of the active factors in the buyer enjoying the service. Another opinion on service quality is that it is an action that creates benefits by realizing the desired changes for consumers, thereby providing unique value to consumers (Wijaya, 2017:2).

In the business world, where there is intense competition among companies offering products and competing in terms of quality, the organization that can provide the best service is the most determining factor. Satisfying service users actually means meeting their needs as service buyers, which presents a challenge to meet consumer demands.

According to Parasuraman, Zeithaml, and Berry in Kertajaya (2015), to measure the service quality perceived by consumers, it can be assessed through dimensions known as follows:

- a. Tangibles
- b. Reliability
- c. Assurance
- d. Emphaty
- e. Responsiveness.

Customer Satisfaction

According to Kotler and Keller (2016:196), satisfaction is the feeling of pleasure or disappointment that arises from comparing the actual performance of a product against one's expected performance. Another understanding of customer satisfaction is the feeling of pleasure or disappointment that arises from comparing the perceived performance of a product against one's expectations and the actions taken by the consumer (Moha & Loindong, 2016:577).

Retail companies must consistently present products of higher quality than their competitors. Consumers choose a retail store by comparing the perceived services with the expected services. If the perceived service falls below expectations, it leads to customer dissatisfaction, a decrease in trust towards the company, a decline in the company's revenue, and ultimately jeopardizes its survival. Conversely, if the perceived service matches or exceeds expectations, customers feel satisfied. They will continue to use the product and spread the word, becoming an effective promotional tool and ensuring the company's sustainability. Therefore, retail companies must be able to identify customer desires in terms of service quality, both generally and specifically.

C. RESEARCH METHODOLOGY

This research method utilizes a research design that includes methods, types of data, data sources, data collection techniques, data analysis techniques, variables, and variable measurement. The research design used is a descriptive method that collects quantitative data through surveys. The data used is derived from primary sources, namely the respondents involved in this research. The data collection technique used is a questionnaire distributed to the respondents. The questionnaire contains structured questions designed to gather relevant information for the research objectives.

The variables studied in this research include independent variables and dependent variables. Independent variables are factors that influence the dependent variable. Variable measurement is done using a Likert scale, where respondents are asked to indicate their level of agreement or disagreement with the given statements. After the data is collected, data analysis is conducted using statistical techniques. The data obtained from the questionnaire is analyzed descriptively and processed using SPSS Statistic Ver.26.

This research method also involves a literature review conducted to gain a deeper understanding of the research topic. Secondary data sources, such as books, scientific journals, and other sources of information, are used to support the research and strengthen the findings obtained from data analysis.

D. RESULTS AND DISCUSSION

The validity test is intended to test whether the statements in each question item on the questionnaire are valid or not. To process the validity test, researchers use SPSS Version 26 with the following criteria:

- If the $r_{\text{Count}} > r_{\text{Table}}$, then the instrument is valid.
- If the $r_{\text{Count}} < r_{\text{Table}}$, then the instrument is not valid.

The results of the validity test for the price variable are as follows:

Table 1. Variable Validity Test
Price (X₁), Service Quality (X₂), Customer Satisfaction (Y)

No	Questionnaire	r Count	r Table	Results
Price (X₁)				
1	Affordable food prices at Alfamart	0,673	0,200	Valid
2	Prices at Alfamart meet expectations	0,497	0,200	Valid
3	Product prices at Alfamart are clear and easy to understand	0,680	0,200	Valid
4	Complete, accurate, and honest price information	0,652	0,200	Valid
5	Competitive price comparison with products from other companies	0,478	0,200	Valid
6	Prices are in line with the benefits and value received by consumers	0,528	0,200	Valid
7	I will be informed about the product prices if anything is unclear	0,491	0,200	Valid
8	Consumers like expensive but quality products	0,341	0,200	Valid
9	Prices match the quality of the offered products	0,522	0,200	Valid

10	Product prices at Alfamart are suitable for all employee groups	0,337	0,200	Valid
Service Quality (X₂)				
1	Clean and comfortable Alfamart store environment	0,618	0,200	Valid
2	Spacious parking area for vehicles	0,224	0,200	Valid
3	Good attitude and behavior of employees towards customers	0,657	0,200	Valid
4	Friendly and professional service provided by the employees	0,440	0,200	Valid
5	Employees can maintain consistent good service to customers at all times	0,434	0,200	Valid
6	Alfamart Minimarket Betet Raya always opens on time	0,592	0,200	Valid
7	Consistency in service	0,609	0,200	Valid
8	Employees' service abilities can be trusted	0,434	0,200	Valid
9	Quick and accurate resolution of complaints and service issues by employees	0,486	0,200	Valid
10	Employees can respond quickly to customer complaints	0,316	0,200	Valid
Customer Satisfaction (Y)				
1	I am satisfied with the quality of the products offered	0,551	0,200	Valid
2	I will always come to the nearest branch of Alfamart	0,594	0,200	Valid
3	I am able to complete tasks according to the given deadlines.	0,544	0,200	Valid
4	I am capable of handling any amount of work given to me every day	0,652	0,201	Valid
5	I am able to effectively manage my time while working	0,669	0,200	Valid
6	My special skills can greatly influence the speed, accuracy, and precision of my work	0,499	0,200	Valid
7	Providing training to me can enhance my work effectiveness	0,484	0,200	Valid
8	My supervisor always communicates the results of customer satisfaction evaluations to me	0,609	0,200	Valid
9	I am able to demonstrate good customer satisfaction results in my work without being instructed by my supervisor	0,664	0,200	Valid
10	I am capable of working independently.	0,556	0,200	Valid

Source: SPSS Statistic Ver.26, 2023

Based on the data in Table 1, price (X₁), Service Quality (X₂), and Customer Satisfaction (Y) obtained a value $r_{\text{Count}} > r_{\text{Table}}$ (0.200), Therefore, all questionnaire items are considered valid. Hence, the results from the questionnaire used are suitable for processing as research data.

Normality Test

The normality test is used to assess the level of normality of the data to be used and included in a research model. The results of the normality test using the Kolmogorov-Smirnov test can be seen in the table below :

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		89
Normal Parameters ^{a,b}	Mean	Normal Parameters ^{a,b}
	Std. Deviation	
Most Extreme Differences	Absolute	Most Extreme Differences
	Positive	
	Negative	
Test Statistic		.084
Asymp. Sig. (2-tailed)		.147 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: SPSS Statistic Ver.26, 2023

In a normality test using the One-Sample Kolmogorov-Smirnov test, the Asymp.Sig value is found to be $0.147 > 0.050$. Therefore, it can be concluded that the data is normally distributed.

Multicollinearity Test

This test is conducted to observe and ensure that the independent variables in this study are free from mutual influence. This test determines whether there is multicollinearity or not by examining the Tolerance values in the Collinearity Statistic column, which should be less than 1, or by examining the VIF values, which should be less than 5. To determine the test for multicollinearity, please refer to the following table :

Table 3. Multicollinearity Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.035	3.778		.803	.424		
	Price	.586	.154	.480	3.811	.000	.338	2.860
	Service Quality	.309	.135	.288	2.285	.025	.338	2.860
a. Dependent Variable: Customer Satisfaction								

a. Dependent Variable: Customer Satisfaction

Source: SPSS Statistic Ver.26, 2023

If we look at table 3, it is known that the variables Price (X_1), Service Quality (X_2), and Customer Satisfaction (Y) are free from multicollinearity, as each tolerance value is smaller than 5.

Heteroscedasticity Test

Heteroscedasticity is an indication of non-homogeneous variance among residuals, which results in inefficient estimated values. To test for heteroscedasticity in this study, the scatter plot graph was examined, and the result appears as shown in the picture below :

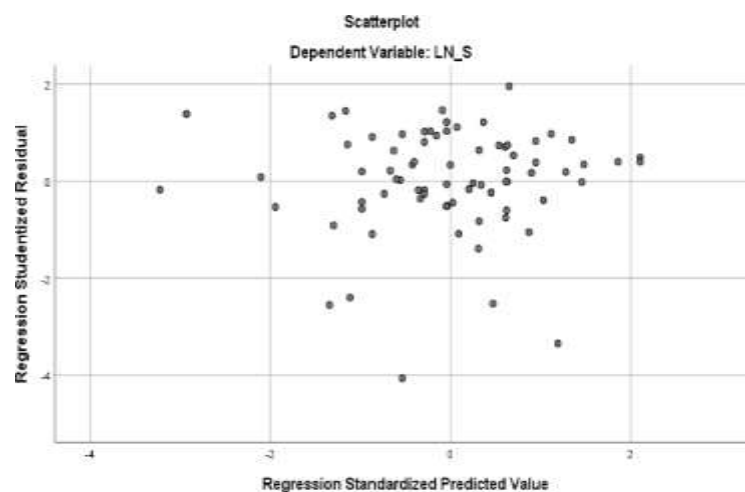


Figure1. Heteroscedasticity Test

Source: SPSS Statistic Ver.26, 2023

In Figure 1, the scatter plot shows that the points are randomly scattered. Therefore, it can be concluded that there is no heteroscedasticity in this regression model.

Multiple Linear Regression

Based on the data analysis conducted, the model relationship of multiple linear regression can be observed from the table below :

Table 4. Multiple Linear Regression

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.168	3.778		.803	.424		
Price	.572	.154	.480	3.811	.000	.338	2.960
Service Quality	.339	.135	.288	2.285	.025	.338	2.960

a. Dependent Variable: Customer Satisfaction

Source: SPSS Statistic Ver.26, 2023

Based on the results of the multiple linear regression test shown in Table 4, the regression equation formed is as follows : $Y = 3.168 + 0.572 (X_1) + 0.339 (X_2)$.

The interpretation of the regression equation is as follows:

- The constant value (a) of 3.168 indicates that even without Price and Service Quality, Customer Satisfaction will remain at 3.168 units.
- The regression coefficient (b) of 0.572 means that for every one unit increase in the Price variable, assuming the Service Quality variable remains constant, Customer Satisfaction will increase by 0.572 units.
- The regression coefficient (c) of 0.339 means that for every one unit increase in the Service Quality variable, assuming the Price variable remains constant, Customer Satisfaction will increase by 0.339 units.

Hypothesis Testing

T-test (Partial)

This test was conducted to observe the significant level of each independent variable on the dependent variable, as seen in the table below :

Table 5. T-test (Partial)

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	10.088	3.541		2.849	.005		
	Price	.872	.092	.715	9.310	.000	1.000	1.000
	Service Quality	.729	.085	.679	7.520	.000	1.000	1.000

a. Dependent Variable: Customer Satisfaction

Source: SPSS Statistic Ver.26, 2023

Table 5 shows that the significance value of the Price variable (X_1) is 0.000, which is smaller compared to the alpha value of 0.050. Therefore, it can be concluded that price has a significant impact on customer satisfaction. Furthermore, for the Service Quality variable (X_2), the significance value is also 0.000, which is smaller than the alpha value of 0.050. Thus, it can be concluded that service quality has a significant impact on customer satisfaction.

F-test (Simultaneously)

A simultaneous test was conducted to determine the significance level of the three independent variables collectively influencing the dependent variable. The results of the simultaneous test can be seen in the table below:

Table 6. F-test (Simultaneously)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1579.324	2	789.662	52.027	.000 ^b

Residual	1353.171	86	15.735		
Total	2932.494	88			
a. Dependent Variable: Costumer Satisfaction					
b. Predictors: (Constant), Price and Service Quality					

Source: SPSS Statistic Ver.26, 2023

The simultaneous effects of both price and service quality on customer satisfaction is observed. The significance values for both variables, Price (X_1) and Service Quality (X_2), are 0.000, which are smaller compared to the alpha value of 0.050. Therefore, it can be concluded that both price and service quality have a significant simultaneously effects of customer satisfaction.

Coefficient of Determination

To determine the extent of the relationship between Price and Service Quality in explaining Customer Satisfaction, the coefficient of determination can be observed in the table below :

Table 7. Coefficient of Determination

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.734 ^a	.539	.548	3.967	1.887
a. Predictors: (Constant), Price, Service Quality					
b. Dependent Variable: Customer Satisfaction					

Based on Table 7, it is known that the R-Square value is 0.539 or equivalent to 54%. This means that Price and Service Quality are able to explain 54% of Customer Satisfaction, while the remaining 46% is explained by other variables that were not included in this research model.

E. CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the previous explanations and the results of the analysis regarding the influence of Price (X_1), Service Quality (X_2), and Customer Satisfaction (Y), the following can be concluded :

1. Price is proven to have a positive and significant effect on Customer Satisfaction at Alfamart Minimarket Betet Raya. This is indicated by $t_{\text{Count}} 9.310 > t_{\text{Table}} 1.985$, with a significance value (sig) of $0.000 < 0.05$.
2. Service Quality is proven to have a positive and significant effect on Customer Satisfaction at Alfamart Minimarket Betet Raya. This is indicated by $t_{\text{Count}} 7.520 > t_{\text{Table}} 1.985$, with a significance value (sig) of $0.000 < 0.05$.
3. Price and Service Quality are proven to have a positive and significant effect on Customer Satisfaction at Alfamart Minimarket Betet Raya. This is indicated by $F_{\text{Count}} 52.027 > F_{\text{Table}} 3.09$, with a significance value (sig) of $0.000 < 0.05$.

Limitations of Research

Based on the researcher's direct experience in the research process, there are several limitations encountered, which can serve as factors to be considered by future researchers in order to improve their studies. This research itself has shortcomings that need to be addressed in future research. Some limitations of this study include :

1. The number of respondents was only 96, which may be insufficient to fully represent the actual situation.
2. During the data collection process, the information provided by respondents through the questionnaire sometimes may not accurately reflect their true opinions due to differences in thinking.
3. Different responses and understanding among each respondent may also be influenced by other factors such as honesty in filling out the questionnaire.

Suggestions

Based on the conclusions above, the following recommendations need to be provided :

1. To enhance customer satisfaction at Alfamart Minimarket Betet Raya, company leaders should pay close attention to the price and the quality of employee services.
2. Price is the most significant variable affecting customer satisfaction. This indicates that customers prefer prices that contribute to their satisfaction. Company leaders should offer prices that align with customers' financial capabilities.
3. It is recommended that future researchers expand their studies by including other variables that have a greater influence on customer satisfaction.

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