Case Study

Analysis of The Effect Service Quality, Price and Location on Customer Satisfaction: Case Study At Uma Ilo Peta Bima City, Indonesia

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Abstract. This study examines the analysis of the effect of service quality, price and location on customer satisfaction: Case Study at Uma Ilo Peta Bima City. The type of research used is quantitative research. The population in this study were 255 people who visited Uma Ilo Peta Bima City, and a sample of 100 respondents was taken using purposive sampling method. The data in this study were processed using SPSS. The results of this study indicate that the price and location service quality variables have a positive and significant effect on customer satisfaction. The findings of this study indicate that service quality variables are factors that can increase customer satisfaction and price and location play an important role in supporting customer satisfaction.

Keywords: Service Quality, Price, Location, Customer Satisfaction.

A. INTRODUCTION

Currently in business era, competition on business world is getting tougher, this increasingly fierce competition requires business people to be able to maximize the performance of their companies in order to compete in the market [1]. Companies must strive to learn and understand customer needs and wants. By understanding customer needs, wants and demands, it can provide important input for companies to design marketing strategies in order to create satisfaction for their customers [2]. Companies must place orientation on customer satisfaction as the main goal. This is reflected in the increasing number of customers in the requirements, for example, advertising, and public relations releases [3]. The main key for companies to win the competition is to provide value and satisfaction to customers through the delivery of quality products and services at competitive prices.

The development of the business world is now increasingly dynamic along with the increasing public demand for products and services to meet all their needs. In order to maintain business continuity in the midst of highly competitive business competition, a company must provide customer satisfaction [4]. Customer satisfaction has become an important concept in the business planning of a company’s management fund. Customers generally expect that some of the goods or services they consume can be received and enjoyed with good and satisfying service [5]. Satisfaction can shape perceptions and this can position the company’s products in the eyes of customers. This is important as a reference in improving service quality, price and location so that it can provide satisfaction at an optimal level. In the era of free trade, every company faces intense competition. The increasing intensity of competition and the number of competitors require companies to always pay attention to customer needs and desires and try to meet customer expectations by providing services that are more satisfying than those of competitors. Thus, only quality companies can compete and dominate the market [6].

Quality has a close relationship with customer satisfaction. Quality provides an impetus for customers to establish a strong relationship with the company. In the long run, such a bond
allows the company to thoroughly understand customer expectations and their needs [7]. Thus, companies can improve customer companies where companies maximize pleasant customer experiences and minimize unpleasant customer experiences [8]. Every company is required to make customers feel satisfied by providing good offers and services, considering that the company must be able to maintain its market position amid increasingly fierce competition. To win the competition, the company must be able to provide customer satisfaction. The survival of a company depends on the satisfaction of its customers on the one hand and the ability to generate profits on the other. It is impossible for a company to be able to satisfy the needs of its customers, but it is unable to generate profits, but it will exist and grow [9]. Both of these must be achieved simultaneously, and this is realized by the management of a company.

One of the businesses that is currently emerging is the caffe business. Caffe business actors need to pay attention to several aspects so that visiting customers are satisfied and make repeat purchases. Al-Bourini et al. [6] states that customer satisfaction is a feeling of pleasure or disappointment for someone who arises after comparing between his perceptions or impressions of the performance (results) of a product produced by the company. Harisman et al. [10] states that customer satisfaction is defined as a post-consumption evaluation that a chosen alternative at least meets or exceeds customer expectations. Customer satisfaction is realized by using improving service quality to be a form of customer assessment of the level of service received with the expected level of service [11]. The positive impact of good service will increase customer satisfaction and loyalty and the desire to make repurchases re-buying, which of course will increase the revenue received from the products that have been sold. In order to compete, survive, and develop, the company is required to be able to meet the needs and desires of customers by providing the best and quality service, so that customers will feel satisfied and feel valued so that they are happy. Empirical research prove that service quality has a positive and significant effect on customer satisfaction [12], [13].

In addition, business actors must be careful in choosing a business location. Latif et al. [14] suggest that location is the location of the store in a strategic area so that it can maximize profits. Location is very important to make it easier for customers to buy and make the main factor for business continuity. A strategic location will attract the attention of buyers. Satisfaction to establish a location depends on the trade area served. According to Fatimah [15], choosing the right business location determines the success and failure of the business in the future. Price is the only element in the various elements of the marketing mix that will bring profit to business actors. In terms of pricing strategy, price is one of the elements that influence activities in the company that functions to create a competitive advantage for the company, but this is often formed in the pricing policy. Pricing by companies must be adjusted to the environmental situation and changes that occur, especially when competition is getting tougher and demand development is limited. In today’s intense competitive climate, companies must pay attention to the price factor, because the size of the price set will greatly affect the company’s ability to compete and also influence customers to buy its products. In order to be more competitive in the market, companies can consider competitor prices competitor prices as guidelines in determining the selling price of their products Liao et al. [16] prove that price has a positive and significant effect on customer satisfaction.

Based on the results of interviews conducted with customers, Uma Ilo Peta provides good quality in accordance with the vision and mission of Uma Ilo Peta. Service Quality is a form of totality of services carried out by the company, Uma Ilo Peta bima city is able to provide a sense of comfort for customers with good service quality. This can be seen from the results of giving questionnaires to employees. While price is a supporting factor in increasing customer satisfaction where in this case the price applied at Uma Ilo Peta is very affordable and dominant for customers. And location is a supporting factor in customer satisfaction because an easily accessible location will be highly favored by customers because it is easily accessible and accessible to the community. Location is a supporting factor in Uma Ilo Peta because if the
location is easy to reach, customers automatically become easy to visit repeatedly at Uma Ilo Peta.

Based on research conducted by Bang et al. [17], an analysis of the effect of service quality, price, and location on customer satisfaction. This research is reinforced by the findings of Harisman et al. [10], which state that the effect of price, taste image, service quality, and promotion on customer satisfaction also has a positive and significant effect. Through the background described above, the authors are interested in further researching the quality of service, price, and location affect the level of customer satisfaction at Uma Ilo Peta Kota Bima.

B. METHOD

This research is a case study using quantitative research methods. The object of research is Uma Ilo Peta in Bima City, Nusa Tenggara Barat, with a focus on customers who visit the place a maximum of twice a month. The research conceptual framework can be seen in Figure 1. The data collection method was carried out through a survey with a sample of 100 people using purposive sampling technique. Data were collected using a questionnaire with a Likert scale to measure service quality, price, location, and customer satisfaction.

![Figure 1. Research Conceptual Framework](image)

Hypothesis

- 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

Data analysis was performed with multiple linear regression to determine the effect of independent variables on customer satisfaction. Previously, classical assumption tests such as normality, multicollinearity, and heteroscedasticity were carried out. Hypothesis testing is done with the t test and F test to evaluate the effect of the independent variables partially and simultaneously on the dependent variable. The coefficient of determination is used to determine how much the independent variables explain the dependent variable together.

C. RESULT AND DISCUSSION

Evaluation of Measurement Model Test or Outer Model

In principle, normality can be detected by examining the distribution of data points along the diagonal axis of a graph. The basis for decision-making is as follows: if the data points spread around the diagonal line and follow its direction, or if the histogram shows a normal distribution pattern, then the regression model fulfills the normality assumption. Conversely, if the data points spread far from the diagonal line and/or do not follow its direction, or if the histogram...
does not show a normal distribution pattern, then the regression model does not fulfill the normality assumption. Result of normality test can be seen in Figure 2a.

![Figure 2a](image)

**Figure 2 (a) Test Normality Diagonal Plot Results, (b) Heteroscedasticity Test Result**

Based on Figure 2a, it can be seen that the results of the normality test with the Normal P-P Plot show that the data (points) spread around the diagonal line and follow the direction of the diagonal line, so the independent and dependent variable data in this study are declared normally distributed, so that the next statistical test can be carried out. Multicollinearity test aims to test whether the regression model found a correlation between independent variables. The multicollinearity test results are presented in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
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<tbody>
<tr>
<td>Service quality</td>
<td>0.572</td>
<td>1.748</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>0.684</td>
<td>1.462</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>0.556</td>
<td>1.800</td>
<td></td>
</tr>
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</table>

Tolerance value in the independent variable from the value of the provision, namely 0.10. Based on Table 1, it can be interpreted that there is no multicollinearity in the data tested, as evidenced by the value of each tolerance value on the independent variables, namely service quality (0.572), price (0.684) and location (0.556) greater (> than the value of the determination, namely 0.10. Based on table 1 too, it can be interpreted that there is no multicollinearity in the data tested, as evidenced by each VIF on the independent variables, namely Service Quality (1.748), Price (1.462), and Location (1.800), which are smaller than the value of the provision, namely 10.

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another can be seen in Figure 2b. Based on Figure 2b, it can be seen that the heteroscedasticity test (Scatterplot) shows that the data displayed does not form a certain pattern and the points spread randomly above and below the number 0 on the Y axis, it can be concluded that there is no heteroscedasticity in this study.

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<tr>
<td>(Constant)</td>
<td>2.690</td>
<td>4.886</td>
<td>-</td>
<td>1.165</td>
<td>0.247</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.500</td>
<td>0.072</td>
<td>0.698</td>
<td>6.917</td>
<td>0.000</td>
</tr>
<tr>
<td>Price</td>
<td>0.299</td>
<td>0.066</td>
<td>0.417</td>
<td>4.523</td>
<td>0.000</td>
</tr>
<tr>
<td>Location</td>
<td>0.196</td>
<td>0.081</td>
<td>0.121</td>
<td>2.180</td>
<td>0.030</td>
</tr>
</tbody>
</table>

Information: The results of the F test obtained an F count value of 25.209 with a significance of 0.000, the value of r square is 0.423.

Based on the Table 1, the regression equation is known to be:

\[ Y = 2.690 + 0.500X_1 + 0.299X_2 + 0.196X_3 + e \]
Based on the regression equation above, the regression coefficient results can be interpreted as follows. The constant coefficient (α) from the multiple linear regression equation is 2.690, indicating that in the absence of any influence from the service quality, price, and location variables, the baseline value of customer satisfaction is 2.690. The beta coefficient for the service quality variable (β1) is 0.500, which means that for each unit increase in service quality (X1), customer satisfaction increases by 0.500 units, assuming other variables remain constant. Similarly, the beta coefficient for the price variable (β2) is 0.299, indicating that each unit increase in price (X2) leads to an increase in customer satisfaction by 0.299 units, with other variables held constant. Lastly, the beta coefficient for the location variable (β3) is 0.196, signifying that each unit increase in location (X3) results in a 0.196 unit increase in customer satisfaction, assuming no changes in other variables.

Hypothesis Test

The t test is used to determine the partial effect of service quality, price and location variables on customer satisfaction at Uma Ilo Peta bima city. This test (see Table 3) is done with the t test by comparing t_count with t_table as the results of the calculation are as follows:

1. The Effect of Service Quality on Customer Satisfaction
   
   Value t_count the service quality variable is 6.197 with a significance level of 0.000 less than the standard level of significance, namely 0.05. The t distribution table is sought at a = 0.05: 2 = 0.025 with degrees of freedom (df) = n - k - 1 or df = 100 - 3 - 1 = 96 (n is the amount of data or respondents, k is the number of independent variables), so that the t_count > t_table value is obtained (6.197 > 1.984) or the significance level is smaller than the standard level of significance (0.000 < 0.05) thus H0 is rejected and Ha is accepted. The positive t value indicates that service quality has a direct relationship with customer satisfaction so, it can be concluded that service quality has a positive and partially significant effect on customer satisfaction at Uma Ilo Peta bima city.

2. The Effect of Price on Customer Satisfaction
   
   Value t_count Price variable of 4.523 with a significance level of 0.000 is smaller than the standard level of significance, namely 0.05. The t distribution table is sought at a = 0.05: 2 = 0.025 with degrees of freedom (df) = n - k - 1 or df = 100 - 3 - 1 = 96 (n is the amount of data or respondents, k is the number of independent variables), so that the t_count > t_table value is obtained (4.523 > 1.984) or the significance level is smaller than the standard level of significance (0.000 < 0.05) thus H0 is rejected and Ha is accepted. The positive t value indicates that price has a direct relationship with customer satisfaction so, it can be concluded that price has a positive and partially significant effect on customer satisfaction on price service quality, and location on customer satisfaction at Uma Ilo Peta bima city. If the price is getting better, the customer will increase.

3. The Effect of Location on Customer Satisfaction
   
   Value t_count Location variable of 2.180 with a significance level of 0.030 is smaller than the standard level of significance of 0.05. The t distribution table is found at a = 0.05: 2 = 0.025 with degrees of freedom (df) = n - k - 1 or df = 100 - 3 - 1 = 96 (n is the amount of data or respondents, k is the number of independent variables), so that the t_count > t_table value is obtained (2.180 > 1.984) or the significance level is smaller than the standard level of significance (0.030 < 0.05) thus H0 is rejected and Ha is accepted. The positive t value indicates that the location has a direct relationship with customer satisfaction so, it can be concluded that location has a positive and partially significant effect on customer satisfaction on price service quality, and location on customer satisfaction at Uma Ilo Peta bima city. If the location decreases, customer satisfaction will decrease.

F Test (Capital Eligibility Test)

The modal feasibility test is carried out to see whether the model being analyzed has a high level of modal feasibility, namely the variables used are able to explain the phenomenon
being analyzed. The F test results can be seen in information under Table 3. The $F_{\text{count}}$ result is 25,209 with a significance level of 0.000 less than the standard significance level of 0.05 using a confidence level of 95% or $a = 0.05$ $F_{\text{table}} = \frac{df1 \times (k - 1)}{df2 \times (n - k)}$ or $F_{\text{table}} (3:96)$, where $n$ is the amount of data or respondents and $k$ is the number of independent variables, so that the $F$ table value is 2.699. Based on the calculation of the $F$ table and the results of the validity test using the SPSS program, it is known that $F_{\text{count}} > F_{\text{table}} (25.209 > 2.699)$ and the significance level is smaller than the standard level of significance (0.000 < 0.05). This means that this research is said to be feasible and these results indicate that the regression model used can be said to meet the assumptions of the feasibility of a research model with the research data analyzed.

**Test Coefficient of Determination ($R^2$)**

Based on information in under Table 3, the results of coefficient of determination Test ($R^2$) for multiple regression obtained an Adjusted $R^2$ value of 0.441 (44.1%) which is the simultaneous coefficient of determination of the variables of service quality, location and customer satisfaction on customer satisfaction Uma Ilo Peta bima city is 44.1% while the rest (55.9%) is explained by other variables outside the research variables that are not included in this research model.

**Discussion**

1. **The Effect of Service Quality on Customer Satisfaction Uma Ilo Peta Kota Bima**

   The results showed that there is a positive and significant influence between service quality on customer satisfaction Uma Ilo Peta bima city. Obtained an average score value of 3.05. These results can be interpreted that the quality of service found at Uma Ilo Peta bima city is quite good. When viewed from the average answer between the dimensions or indicators of tangibles it can be seen that the largest average value answer is in statement X1.0 obtained an average score of 3.33, namely on the tangibles indicator, namely on the question item (The appearance of the Uma Ilo Peta employees is neat) means that the Uma Ilo Peta of the city of bima has a pretty good level of service quality.

   While the lowest average value is found in statement item X1.3 obtained an average score of 2.89, namely in the dimension of service quality with the indicator of responsiveness (Willingness), namely the question item (service at the cashier Uma Ilo Peta is very fast) which means that employees have not received enough willingness in the café so that service quality is decreasing. The results of research on service quality affect customer satisfaction supported by Bernarto et al. [18] factors that affect service quality, one of which is paying attention to service to each customer so that it will be able to increase the customer satisfaction index so that customer satisfaction will be higher if the quality of service provided by Uma Ilo Peta is good.

   The results of this research are also in line with the opinion of Liu and Hsu [19] showing that price and service quality have a positive influence on customer satisfaction, service quality has a greater influence on customer satisfaction in hot café heat. In addition, the theory that supports this research is Kusuma et al. [20] the results of the study show that service quality, store atmosphere and price have a positive and significant effect on customer satisfaction of Surabaya tent cafes.

2. **Price Effect on Customer Satisfaction Uma Ilo Peta Kota Bima**

   The results showed that there was a positive and significant influence between price on customer satisfaction Uma Ilo Peta bima city obtained an average score of 3.63. These results can be interpreted that the prices contained in the price, service quality, and location for customers at Uma Ilo Peta in bima city are quite good. When viewed from the average answer between dimensions or indicators of price competitiveness and price compatibility with benefits, it can be seen that the largest average value answers are in statements X2.8 and X2.9. obtained an average score of 3.79, namely on the indicator of price competitiveness and price compatibility with benefits, namely on the question item (The price of the food menu at Uma Ilo...
Peta is in accordance with the customer’s purchasing power and the price offered by Uma Ilo Peta is comparable to the benefits felt by customers) means that the prices contained in the price, service quality and location of customers at Uma Ilo Peta in the city of Bima are quite satisfied.

While the lowest average value is in the X2.4 statement item, the average score is 3.38, namely in the price dimension with an indicator of price compatibility with service quality, namely in the question item (Uma Ilo Peta provides a food menu with good quality but low prices) which means that it does not yet have responsibility for the level of attendance so that the quality of service contained in the quality of service price, and location to customers at Uma Ilo Peta in the city of Bima is decreasing. These results are in accordance with the results of research conducted by Astuti et al. [21] which states that price, promotion and service quality variables have a positive and significant effect on customer satisfaction at nay coffee surabaya and are strengthened by Susanto et al. [22] which states that price, place atmosphere, and service quality have a positive and significant effect on customer satisfaction.

3. The Effect of Location on Customer Satisfaction Uma Ilo Peta Kota Bima

The results showed that there was a positive and significant influence between price and customer satisfaction Uma Ilo Peta bima city obtained an average score of 3.56. These results can be interpreted that the location contained in the quality of service, price, and location for customers at Uma Ilo Peta in the city of Bima is quite good. When viewed from the average answer between dimensions or criteria indicators, it can be seen that the answer to the largest average value is in statement X3.9, which obtained an average score of 3.75, namely in the criteria indicator, namely the question item (Uma Ilo Peta has a fairly large building size), which means that the location contained in the quality of service, price, and location for customers at Uma Ilo Peta in the city of Bima is quite satisfied.

While the lowest average value is found in statement item X3.2 obtained an average score of 3.36, namely in the location dimension with an indicator of the level of attendance, namely the question item (Notify in advance of a letter of permission if absent from work) which means that you do not have responsibility for the level of attendance so that the quality of service contained in the quality of service prices, and location to customers at Uma Ilo Peta in the city of Bima is decreasing. These results are in accordance with the results of research conducted by Wangi et al. [23] that there is a significant relationship between the effect of service quality, price and product quality on customer satisfaction.

D. CONCLUSION

Based on the results of research and discussion, it can be concluded that the variables of service quality, price, and location together have a positive and significant influence on customer satisfaction at Uma Ilo Peta in Bima City. This shows that efforts to improve service quality, maintain competitive prices, and pay attention to business location can have a significant impact on customer satisfaction. The implication is that the company needs to continue to pay attention and improve service quality, maintain prices in accordance with the value provided to customers, and choose a strategic location to meet customer needs and expectations. Thus, the company can better maintain and increase customer loyalty and business sustainability in the future.

E. AUTHOR DECLARATION

Author contributions and responsibilities - The authors made major contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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F. REFERENCES


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