

## **The Effect of Service Quality And Price on Customer Satisfaction Through Product Quality**

**(Case study of Kavez Coffee)**

**\*Achmad Fahri ; Wagiarto Hoesin ; Eddy Sanusi P Silitonga**

**\*Correspondence : [cenfahri58@gmail.com](mailto:cenfahri58@gmail.com)**

Master of Management Study Faculty of Economics Program

Krisnadwipayana University

Submitted : 11 Desember 2023, Review : 18 Desember 2023, Published : 22 Desember 2023

### **Abstrack**

This study aims to analyze service quality and price on customer satisfaction through product quality, analyze service quality and prices on customer satisfaction, analyze the effect of product quality on customer satisfaction, analyze the indirect effect of service and price on customer satisfaction through product quality and analyze the effect of non direct service quality and price to customer satisfaction. The research was conducted at Kavez Coffee involving 30 people. The research sample was taken using probability sampling and simple random sampling. Data analysis using path analysis. Based on data analysis, it is known that there is a direct effect of service quality on customer satisfaction and a direct effect of price on customer satisfaction at Kavez Coffee. Then the results of the analysis of the product quality variable as an intervening variable can be perfectly proven, namely the product variable has an indirect effect on the service quality variable on customer satisfaction and the price variable on customer satisfaction. This statement can be proven by the magnitude of the indirect effect (service quality on customer satisfaction and price on customer satisfaction) through product quality which is identified as an intervening variable.

Keywords : Service Quality ; Price ; Products Quality ; Customer Satisfaction.

### **Introduction**

Some advantages in the competition of a business are in terms of service, price and product quality. Customers will be faced with a choice of competing products at varying prices. This results in price competition from various competing products. The price level determines the amount of demand. In terms of Product Quality, Kotler and Armstrong (2012: 283) add that product quality is the ability of a product to demonstrate its function. Product quality is determined by product attributes. The higher the quality of a product, the higher the consumer's decision to make a purchase.

Based on the explanation of what factors can affect customer satisfaction, retail businesses are growing, one of the retail businesses that will be discussed in this paper is Kavez Coffee,

including the first coffee shop or shop that has developed quite rapidly since it was first established. Kavez Coffee from the beginning of its opening has never been empty of visitors, ranging from students, school children and office workers, they just gather or study there, especially during homecoming or break time. Even at night, many employees and students still visit because the location is close to their residence or boarding house and is on the edge of Edy Yoso Martadipura Road No.24 Pakansari, Cibinong.

Kavez Coffee does not have similar competitors, although it does not have similar competitors, Kavez Coffee has modern retail competitors that opened earlier, namely Starbuck Coffee, this modern retailer which attracts many customers from various groups ranging from boarding students, school children and workers for their daily needs. Compared to Kavez Coffee, which mostly attracts customers from teenagers who come to fulfill their needs at that time. However, Kavez Coffee is successful in attracting customers, judging from the fact that it is never empty of customers.

Kavez Coffee certainly has more advantages for its consumers, which makes Kavez Coffee acceptable in the area of Jl. Edy Yoso Martadipura No.24 Pakansari, Cibinong. Service quality, price and location are definitely the main factors why Kavez Coffee can be accepted and provide customer satisfaction. Even though the price is higher than similar modern retailers, it is still the main choice for consumers to gather, different Service Quality with a comfortable place is the main attraction and the Quality of Products offered is different from similar modern retailers is also a special satisfaction for its consumers and Kavez Coffee tries to provide the best by providing Product Quality - Product Quality that is more affordable to its consumers so that it is always the first choice for its consumers.

Marketing is a comprehensive concept, while the other terms are only one part, one activity in the overall marketing system, so marketing is the whole of the notion of sales, trade and distribution (Swastha, 2010: 178), Marketing is related to identifying and meeting people's needs for quality service, price, product quality, and customer satisfaction.

## **Method**

This research was conducted at Kavez Coffee which is located at Jl. Edy Yoso Martadipura No.24 Pakansari, Cibinong. What will be discussed is how much influence Service Quality and

price have on customer satisfaction through Product Quality. As independent variables in this study are Service Quality (X1), price (X2), Product Quality (X3) as intermediate variables. Meanwhile, the dependent variable in this study is customer satisfaction which is given the symbol (Y).

## **Discussions**

In a series of test analysis results, the researcher first presents the results of the recapitulation of the characteristics of the respondents, namely :

### **1. Effect of Service Quality on Product Quality**

Based on the analysis results in table 4.17, it is known that the service quality variable has a significant value of 0.460 greater than the error rate of 0.05 and the calculated t value of 2.432 is greater than the t table value of 2.244, so this variable can be said to have an influence on the product quality variable. The results of this analysis indicate that the quality of service provided to Kavez Coffee customers will affect product quality.

### **2. Effect of Price on Product Quality**

Based on the analysis results in table 4.19, it is known that the price variable has a significant value of 0.389 greater than the error rate of 0.05 and the calculated t value of 2.176 is greater than the t table value of 1.419, so this variable can be said to have an influence on the product quality variable. The results of this analysis indicate that the quality of service provided to Kavez Coffee customers will affect product quality. The following are the reasons why price affects customer satisfaction at Kavez Coffee:

- a. Price is considered to have an effect on product quality because it is in accordance with the expectations obtained. If a consumer wants a good quality product and as expected, then paying a slightly higher price is not a significant problem, the most important thing is that the product produced is in accordance with the quality and benefits obtained.
- b. The results of the questionnaire that has been filled out by the company's customers, they state that the price offered by the company is at the midlevel or in the middle, which means that it is not too cheap and also not too expensive,

the price offered by the company is a price that is considered a competitive price in the market, so the price can compete with similar companies.

### 3. The effect of service quality on customer satisfaction

Based on the analysis results in table 4.22, it is known that the significant value of the service quality variable is 0.375 less than the error rate of 0.05 and the t value of 1.176 is greater than the t table, namely 0.996. This means that the service quality variable has an influence on customer satisfaction at Kavez Coffee. The results of this analysis illustrate that service quality is something that can make customers satisfied with Kavez Coffee.

Service quality is the most important thing that must always be maintained by a company. So far, the quality of service provided by the company to customers is said to be good. The benchmark for customer satisfaction is the service obtained, if the service obtained from the company is good and as expected, the customer will be satisfied, what is happening now is that customers are satisfied with the services provided by the company. Kavez Coffee has always maintained the quality of its products, in addition, the company also always prioritizes the quality of its services, Kavez Coffee always upholds the principle that customers can get the best possible service according to their expectations, surely customers will be satisfied.

### 4. The effect of price on customer satisfaction

Based on the analysis results in table 4.24, it is known that the significant value of the price variable is 0.250 less than the error rate of 0.05 and the t value of 2.250 is greater than the t table, namely 1.129. This means that the price variable has an influence on customer satisfaction at Kavez Coffee. The results of this analysis illustrate that price is something that can make customers satisfied with Kavez Coffee. The company's customers stated that the price given by Kavez Coffee is the same as the price given by competitors. The price given by the company is in accordance with the benefits and quality of the products produced.

### 5. The Effect of Service Quality and Price on Product Quality

Based on the analysis results in table 4.26, it is known that the service quality and price variables have a significant value of 0.577 and 0.388 greater than the error rate of 0.05 and the calculated t value of 2.626 and 7.765 is greater than the t table value of 2.533, so these variables can be said to have an influence on the product quality variable. The results of this analysis indicate that the quality of service and price provided to Kavez Coffee customers will affect product quality. Service quality and price are considered to have an effect on product quality because they are in accordance with the expectations obtained. A customer wants good service and price and in accordance with what is expected, so the customer spends a slightly higher price is not a significant problem and Kaves Coffee provides good service, the most important thing is that the product produced is in accordance with the quality and benefits obtained.

### 6. Effect of Service Quality and price on customer satisfaction

Based on the analysis results in table 4.29, it is known that the service quality and price variables have a significant value of 0.751 and 1.034 greater than the error rate of 0.05 and the calculated t value of 2.352 and 4.847 is greater than the t table value of 1.992, so these variables can be said to have an influence on the customer satisfaction variable. The results of this analysis indicate that the quality of service and price provided to Kavez Coffee customers will affect product quality. Service quality and price are considered to have an effect on customer satisfaction because they are in accordance with the expectations obtained. A customer wants good service and prices and as expected, so the customer spends a slightly higher price is not a significant problem and Kaves Coffee provides good service, the most important thing is that the customer satisfaction obtained is appropriate.

### 7. The effect of product quality on customer satisfaction

Based on the analysis results in table 4.31, it can be seen that the product quality variable has a significant value of 0.956 which is smaller than the error rate of 0.05 and the t value of 20.185 is greater than the t table, namely 12.227. This shows that the product quality variable has an influence on customer satisfaction at Kavez Coffee. These results illustrate that the better and better the quality of the company's products, it will increase

customer satisfaction. Kavez Coffee has always maintained the consistency of the products produced so that there are no product defects when they reach customers. If this happens, it becomes a difficult thing to fix, because the customers' thoughts are that surely the products produced by the company are all product defects. In terms of selling products, not necessarily everything goes smoothly, there are times when the goods produced experience product defects.

#### 8. The Effect of Service Quality on Customer Satisfaction through Product Quality

Based on the analysis results in Figure 20, it is known that the direct effect is 0.577, while the indirect effect of Service Quality on Customer Satisfaction through Product Quality is  $(0.751) (0.988) = 0.742$ . From the explanation above, it can be concluded that the indirect effect value (0.742) is greater than the direct effect value (0.577) which means that the Product Quality variable is able to mediate price to customer satisfaction.

#### 9. The Effect of Price on Customer Satisfaction through Product Quality

Based on the analysis results in Figure 20, it is known that the direct effect of price is 0.388, while the indirect effect of price on Customer Satisfaction through Product Quality is  $(0.988) (1.034) = 0.956$ . From the explanation above, it can be concluded that the indirect effect value (0.956) is greater than the direct effect value (0.388) which means that the Product Quality variable is able to mediate price to customer satisfaction.

### Conclusion

As input from the author referring to the analysis and discussion that has been carried out in the conclusion and the previous chapter, the author proposes recommendations in the form of suggestions. Where the description of the author's suggestions can be described as follows Based on the results of Hypothesis 1, it shows that Service Quality has a positive and significant effect on Product Quality. Although the Quality of Service is in the good value category, there is still a lack of Service Quality and not in accordance with customer expectations. Therefore, the Quality of Service provided by Kavez Coffee needs to be even better at providing services and needs to be further improved so that it is more in line with customer expectations. In addition, Kaves Coffee needs to re-evaluate so that customers feel very satisfied.

Based on the results of Hypothesis 2, it shows that price has a positive and significant effect on Product Quality. Even though the price is in the good value category, there are still prices that are less and not in accordance with customer expectations. Therefore, the price given by Kavez Coffee needs to be even better in providing price suitability and needs to evaluate the price value so that customers are willing to pay for the products presented. Based on the results of Hypothesis 3, it shows that Service Quality has a positive and significant effect on Customer Satisfaction. Although the Quality of Service is still in the good value category, there is still a Quality of Service that is lacking and not appropriate. Therefore, the Quality of Service provided by Kavez Coffee needs to be even better. In addition, Kaves Coffee needs to re-evaluate in order to create a sense of satisfaction with customers.

Based on the results of Hypothesis 4, it shows that price has a positive and significant effect on Customer Satisfaction. Although in terms of price, it has not yet reached the suitability and affordability of prices for customers. Therefore, Kaves Coffee needs to re-evaluate in order to create a sense of satisfaction with customers. Based on the results of Hypothesis 5, it shows that Service Quality and Price have a positive and significant effect on Product Quality, even though the Service Quality is still less than the price value. Therefore, the Service Quality provided by Kavez Coffee needs to be improved to be more in line with customer expectations. In addition, Kaves Coffee needs to re-evaluate so that the quality of service and price are well balanced.

Based on the results of Hypothesis 6, it shows that Service Quality and Price have a positive and significant effect on customer satisfaction, even though the price is still less than the price suitability value. Therefore, Kaves Coffee must be able to provide price suitability so that customers are satisfied and can enjoy affordable prices. Based on the results of Hypothesis 7, it shows that Product Quality has a positive and significant effect on customer satisfaction, even though the quality of the product is still lacking and the category is moderate. Therefore, Kaves Coffee needs to evaluate the quality of products sold and served so that customers are satisfied.

Based on the results of Hypothesis 8, it shows that Product Quality has a positive and significant effect in mediating service quality on customer satisfaction, although product quality can mediate, but in terms of service quality it needs to be further improved so that the value of customer satisfaction is better. Therefore, Kaves Coffee needs to evaluate the quality of the products sold and served in order to continue to balance the mediation of the quality of service

provided to customers. Based on the results of Hypothesis 9, it shows that Product Quality has a positive and significant effect in mediating price on customer satisfaction, even though product quality can mediate, the price needs to be further improved so that the value of customer satisfaction is better. Therefore, Kaves Coffee needs to evaluate the quality of the products sold and presented so that it continues to balance the price mediation given to customers more appropriately.

## **References**

- Kotler, Philip. 2010. Manajemen Pemasaran. Edisi tiga belas Bahasa Indonesia. Jilid 1 dan 2. Jakarta : Erlangga.
- Kotler, Philip dan Gary Amstrong. 2004. Dasar-dasar Pemasaran. Jilid 2. PT. Indeks, Jakarta
- Kotler, Philip dan Gary Armstrong. 2007. Manajemen Pemasaran. Jilid II. PT Index, Jakarta.
- Kotler. 2012. Manajemen Pemasaran. Edisi 12. Erlangga. Jakarta.
- Sugiyono (2008). Metode Penelitian Bisnis, Penerbit Alfabeta, Bandung.
- Tjiptono dan Chandra, (2005), Manajemen Kualitas Jasa, Yogyakarta
- Barata, Atep Adya. (2003). Dasar-dasar Pelayanan Prima. Jakarta : PT Gramedia Pustaka.
- Tjiptono, Fandy dan Gregorius Chandra. (2012). Pemasaran Strategik, Edisi ke-2. Yogyakarta.
- Engkos. Dan Riduwan. (2008). Cara menggunakan dan memaknai Analisis Jalur. Bandung : Alfabeta
- Uma Sekaran. 2006. Metodologi Penelitian untuk Bisnis, Edisi 4, Buku 1, Jakarta: Salemba Empat.

Sugiyono, 2001, *Metode Penelitian Bisnis*, Bandung : CV Alfabeta.

Kountur, Ronny. 2003. *Metode Penelitian Untuk Penulisan Skripsi dan Tesis*, Jakarta : Teruna Grafika.

Utami, 2008, *Manajemen Ritel, Salemba Empat*. Jakarta.

Christoper Lovelock. 2007. *Manajemen Pemasaran Jasa*, PT. Indeks, Indonesia.

Rachmad Hidayat. (2009). *Pengaruh Kualitas Pelayanan, Kualitas Produk dan Nilai nasabah Terhadap Kepuasan dan Loyalitas Nasabah Bank Mandiri*. *Jurnal Manajemen Dan Kewirausahaan*.

Lyonita, Telly., Dyah Budiastuti. (2012). *Analisis Pengaruh Brand Image dan Kualitas Produk Terhadap Keputusan Pembelian Yang Berdampak Pada Loyalitas Konsumen Pada PT. Telkom Jakarta Selatan (Produk Speedy)*. Disertasi Doktor Bina Nusantara, Jakarta.

www.wikipedia.com ([https://repository.usd.ac.id/13953/2/132214098\\_full.pdf](https://repository.usd.ac.id/13953/2/132214098_full.pdf))