
ANALYSIS OF SERVICE QUALITY AND PRICE ON PRODUCTS PURCHASE DECISIONS AT CITIMART GUNUNGSTOLI**Oleh :****Epianus Lahagu,
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Article Info*Article history:**Received 16 October 2022**Accepted 25 October 2022**Available Online**30 October 2022***Abstract**

The quality of service and product prices offered by retail businesses will greatly affect the ability to compete in an effort to dominate the market. The purpose of this research is to examine the effect of service quality and product price on customer satisfaction simultaneously and partially at Citimart Gunungsitoli. This research is a quantitative correlational research method. The sample in this study was 67 customers at Citimart Gunungsitoli. Methods of data collection using interviews and questionnaires. Data analysis was performed by multiple linear regression analysis. The results obtained in the study indicate that service quality and customer value have a significant effect on customer satisfaction, and product prices have a positive and significant effect on customer satisfaction at Citimart Gunungsitoli. These findings provide consideration for Citimart Gunungsitoli in preparing the best strategy to be able to retain customers and their presence in the retail business competition.

Keywords:*Service Quality**Price**Customer Satisfaction*

1. INTRODUCTION

The fierce competition in the retail business today is strongly influenced by the rapid growth of shopping places both domestically and abroad with a variety of segments and scales. As a result, business people try to provide the best strategy to be able to retain customers and their presence in the competition (Aranda et al., 2018; Byun et al., 2020). In business, those who are able to survive in the competition are those who have a mature and well-planned competition plan because, without competition, a company will not develop (Donthu & Gustafsson, 2020). The high intensity of competition will indirectly make the company increase its attention to the interests and needs of customers and also seek to maximize the fulfilment of customer expectations by providing services more competently, which will be able to create a feeling of satisfaction compared to those obtained by competing companies. Therefore,

the quality of the retail business will greatly affect the ability to compete in an effort to dominate the market (Bin Rosnizam et al., 2020; Kusumadewi & Karyono, 2019).

According to Artusi & Bellini (2020) and Grewal et al. (2017), retail is an activity of selling goods both for household and daily needs to final consumers for their own consumption, not for resale. Products or goods are one of the things that should be mastered by someone who works in the retail business because a good understanding of the product can help the sustainability of the retail business and provide maximum service in meeting the target market. The retail industry has experienced rapid development from year to year. Evidence of this rapid development is the proliferation of modern retail stores located in urban areas to villages, one of which is minimarkets (Campbell & Park, 2017). Minimarkets are shops that sell all kinds of goods; both households need basic needs, but

not as complete as supermarkets. In Gunungsitoli city, each region has retail stores, such as minimarkets which are located close to each other. For example, one of the minimarkets located on Diponegoro Street, namely Citimart Gunungsitoli. There are several competitors located not far from minimarkets, such as department stores, Alfamart and Indomaret, which are retail stores that are quite in demand by the public. This indicates that retail stores quite tight experience the competition. Therefore, minimarket owners try to increase the number of customers by providing services in such a way that is designed to provide satisfaction to their customers when shopping.

To give confidence to consumers that they have made the right decision to make purchases at the Citimart Gunungsitoli minimarket, they should leave a good minimarket image to customers because a good minimarket image has a positive influence on sustainable purchasing decisions in the future, because consumers will remember things that are considered lacking. Good and choose to make purchases elsewhere because they do not want to experience the bad things they have experienced before. One way to improve a good corporate image is to improve the quality of its services. Service quality can affect the level of customer satisfaction (Nunkoo et al., 2020). Customers usually form expectations of a service that comes from past experience, word of mouth or advertising. In general, the customer compares the service he feels with the service he expects, whereas if the service was previously unsatisfactory, then the customer will be disappointed (Omar et al., 2016).

Price is an aspect that is also very important to be considered by the company in relation to customer satisfaction. This concerns the ability or purchasing power of consumers in the future (Low et al., 2013). For this reason, companies must be careful in determining the price of services by considering the factors that can affect the price. According to Haq (2018) price is the amount of money billed for a product or service or the amount of value that customers exchange for a product or service. The review of the price of goods is also increasingly important because each price of goods set by the

minimarket will result in a different level of demand for the product. In most cases, demand and price are inversely related, i.e. the higher the price, the lower the demand for the product. Determining the right price according to the market share and economic conditions of the surrounding community can create customer satisfaction.

Based on the explanation above, it can be concluded that the research problem is how the effectiveness of pricing and service quality affects customer satisfaction at Citimart Gunungsitoli. This study aims to analyze the effect of price suitability on customer satisfaction and analyze the effect of service quality on customer satisfaction at Citimart Gunungsitoli.

2. LITERATURE REVIEW AND DETERMINATION OF HYPOTHESIS

Service Quality

(Sheu & Chang, 2022) explained that quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs. (Fida et al., 2020) stated that service quality is a factor that determines the level of success and business quality in which the ability of businesses to provide quality services to consumers and as a business strategy to defend themselves and achieve success in the face of competition. (Octabriyantiningtyas & Suryani, 2019) explained that service quality focuses on efforts to meet customer needs and the accuracy of delivery to balance customer expectations. Service quality can be evaluated by comparing the quality experienced or received by business customers with the expected service. Ariff et al. (2013) stated that service quality is the nature of product appearance or performance which is a major part of business strategy in order to achieve sustainable excellence, either as a market leader or a strategy to continue to grow.

Price

Cristo et al. (2017) and Wilis & Nurwulandari (2020) explained that price is one element of the marketing mix that generates

revenue, and other elements generate costs. Meanwhile, (Mori, 2021) explained that price is one of the important variables in marketing, where the price can influence consumers in making decisions to buy a product for various reasons. Furthermore, Yang et al. (2022) explained that price is the amount of money (plus some goods if possible) needed to get a number of combinations of goods and services. Referring to Kim (2019) that price indicators can be expressed in consumer assessments of the number of financial sacrifices given in relation to specifications in the form of product quality. In addition, price assessment can be seen from the suitability of a sacrifice from consumers to the value they receive after making a purchase, and from there consumers will perceive the product or service.

Customer Satisfaction

According to Siswi & Wahyono (2020) and Suharyono & Mifta Elfahmi (2021) customer satisfaction is defined as the customer's response to the discrepancy between the previous level of importance and the actual performance he feels after use. One of the factors that determine customer satisfaction is the customer's perception of service quality, which focuses on five service dimensions. Customer satisfaction, in addition to being influenced by perceptions of service quality, is also determined by product quality, price, and factors that are personal as well as momentary in nature. The main factor determining customer satisfaction is

the customer's perception of service quality according to customer satisfaction.

Hypothesis

The theoretical framework of this research is shown in Figure 1.

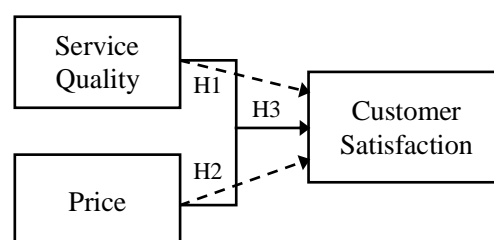


Figure 1. The theoretical framework of research.

Based on the explanation above, the hypothesis used is: **H1**: The service quality has a positive and significant effect on customer satisfaction at Citimart Gunungsitoli; **H2**: The product price has a positive and significant effect on customer satisfaction at Citimart Gunungsitoli; and **H3**: The service quality and product price have a positive and significant effect on customer satisfaction at Citimart Gunungsitoli.

3. RESEARCH METHODOLOGY

The research method that used in this research was quantitative correlational research method. Quantitative correlational research is used to determine whether there is a relationship between two or more variables (Thomas, 2021). The study was conducted at Citimart Gunungsitoli during October 2022. The population used in this study is Citimart Gunungsitoli customers and the population in this study are unknown or uncertain. If the population is large and the researcher is not able to study everything in the population, for example due to limited funds, manpower and time, the researcher can use samples taken from that population (Creswell, 2017). Samples were selected because the sample was at the right place and time. Researchers determined to take as many as 67 people as research samples with simple random sampling.

The research instrument used in this study was in the form of a questionnaire containing a list of questions that had been prepared to fulfill

the measurement of variables measured by a Likert scale. One of the criteria for a good questionnaire is to meet validity and reliability. In this study, multiple linear regression acts as a statistical technique used to test whether there is an effect of service quality (X1) and price (X2) on customer satisfaction (Y).

According to Palys & Atchison (2014) in the regression analysis, the relationship between the independent variable and the dependent variable is a linear relationship, and this relationship is a statistical relationship, meaning that there is no definite dependent variable for each known independent variable. If the value of the dependent variable can be predicted with certainty based on the known value of the independent variable, it is said to have a functional relationship. The study of the relationship between economic or business variables is generally a statistical relationship. In relation to the multiple linear regression output generated through the SPSS 27.0.0 program, it was necessary to do a partial test with the *t*-test,

the simultaneous test with the *F*-test, and the coefficient of determination.

4. RESULTS AND DISCUSSION

Table 1. Validity test results

Variables	Question Items	Correlation Coefficient	Remark
X1	Q1	0.856	Valid
	Q2	0.862	Valid
	Q3	0.885	Valid
	Q4	0.912	Valid
	Q5	0.812	Valid
	Q6	0.792	Valid
	Q7	0.781	Valid
	Q8	0.733	Valid
	Q9	0.712	Valid
	Q10	0.722	Valid
X2	Q1	0.875	Valid
	Q2	0.864	Valid
	Q3	0.868	Valid
	Q4	0.912	Valid
	Q5	0.928	Valid
	Q6	0.799	Valid
Y	Q1	0.866	Valid
	Q2	0.914	Valid
	Q3	0.907	Valid
	Q4	0.815	Valid
	Q5	0.824	Valid
	Q6	0.868	Valid

Table 2. Reliability test results

Variables	Cronbach's Alpha	Remark
X1	0.928	Reliable
X2	0.931	Reliable
Y	0.914	Reliable

Table 1 shows that all research instruments for service quality (X1), price (X2), and customer satisfaction (Y) are all valid because all research instruments have a Pearson product moment correlation coefficient (*r*) or *r-count* was greater than the value of *r-table* (*r-count* > 0.240), and the results obtained in Table 2 are also reliable because all research instruments had Cronbach's alpha coefficient (α) more than 0.60 with values 0.928, 0.931, and 0.914 for service quality variable, price variable, and customer satisfaction variable, respectively. The statistical test used in this study is the Kolmogrov-Smirnov test. If the significant value is greater than 5%, then *H*₀ is accepted, meaning that the residual data is normally distributed.

Meanwhile, if the significant level is below 5%, it means a variable is not normally distributed. Based on the results of the analysis, it can be seen whether the data tested in this study are normally distributed or not, by comparing the values of Kolmogorov-Smirnov. Seeing the test results, that the significance value of KS was 0.200, greater than the significance level of 0.05 or simply that $0.200 > 0.05$, it is known that the data is normally distributed.

Based on the results of the multicollinearity test, it can be seen the value of variance inflation factor (VIF) and tolerance. The test results are then compared with the test criteria in measuring multicollinearity. The results of the SPSS analysis can be seen that the independent variables in the regression model have a tolerance value > 0.10 and $VIF < 10$. From these results, it can be concluded that the data does not occur in multicollinearity. In this study, the heteroscedasticity test was carried out using the Glejser test method, namely by regressing the absolute residual value to the independent variable. From the results of the heteroscedasticity test using the Glejser method on the results of data processing in SPSS, it can be seen that the independent variables in the regression model have a significant value greater than 0.05. So it can be concluded that with the Glejser method, the regression model in this study does not occur heteroscedasticity.

Table 3. Multiple linear regression results

Model	Unstandard. Coeff.		Standard. Coeff.	t	Sig.
	B	Std. Error	Beta		
Constant	0.076	1.886		0.041	0.979
X1	0.215	0.052	0.329	4.094	0.000
X2	0.689	0.067	0.567	10.518	0.000

Furthermore, the researchers conducted a multiple linear regression analysis that met the equation $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon_1$ with the results are shown in Table 3. The constant value was 0.076, which means that if the independent variables (service quality and price) are considered zero or constant, then customer satisfaction (Y) has a value of 0.076. The regression coefficient of the service quality

variable (X1) has a positive influence on customer satisfaction with a regression coefficient of 0.215, which means that if the service quality variable increases by 1 unit, then customer satisfaction will also increase by 0.215 units with the assumption that the other independent variables are considered zero or constant. The regression coefficient on the price variable (affordability, suitability, benefits and quality received by consumers) (X2) has a positive influence on customer satisfaction with a regression coefficient of 0.688, which means that if the price variable (affordability, suitability of benefits and quality received by customers) increases by 1 unit, then customer satisfaction will also increase by 0.689 units with the assumption that the other independent variables are considered zero or constant.

The results of the analysis also show that the value of the coefficient of determination (R^2) was 0.768. This result indicates that the ability of service quality and price variables (affordability, suitability, benefits and quality received by consumers) to explain the independent variables is 84.20%, and the remaining 15.80% is explained by other variables not explained in this study.

The researcher partially tested the hypothesis as shown in Table 3. It was shown that the *t-count* of the service quality variable (X1) was 4.094, where the value was greater than the *t-table* of 1.998. In addition, the significant value of the service quality variable was 0.000, which is smaller than the 0.05 significance level, so that it can be found that service quality (X1) has a positive and significant effect on customer satisfaction. The *t-count* of (X2) price variable (affordability, suitability, benefits and quality received by consumers) was 10.518, with a value greater than the *t-table* of 1.998. In addition, the significant value on the service quality variable is 0.000, which is smaller than the 0.05 significance level. So it can be concluded that the variable (X2) price (affordability, suitability, benefits and quality received by consumers) has a positive and significant effect on customer satisfaction.

Simultaneous test results (*F-test*) in the study obtained a *F-count* value of 101.922 where

this value is greater than the *F-table* of 3.14. In addition, the significant value was 0.000 which is smaller than the significance level of 0.05. In this case, it can be concluded that simultaneously service quality and price (affordability, suitability of benefits and quality received by consumers) together have a positive and significant effect on customer satisfaction.

5. CONCLUSION

This study discusses the analysis of service quality and price on customer satisfaction at Citimart Gunungsitoli. Based on testing using multiple linear regression analysis methods and other statistical tests in this study, it can be concluded that that partially service quality has a positive and significant effect on customer satisfaction. service quality has a *t-count* value of 4.094 where the value is greater than the *t-table* value and the significance value of the service quality variable is less than 0.05. This shows that H1 is accepted and service quality has a positive effect on customer satisfaction. Product price has a positive and significant effect on customer satisfaction partially. The price has a *t-count* value of 10.518 where the value is greater than the *t-table* value and the significance value of the price variable is less than 0.05. This shows that H2 is accepted and the price also has a positive effect on customer satisfaction.

Simultaneously, service quality and price together have a significant effect on customer satisfaction. This can be seen from the *F-count* value is greater than the *F-table* or the significance value of the two variables (quality of service and price) is less than 0.05, which means that H3 is accepted. Service quality and price have a positive effect on customer satisfaction, but price is more influential. The ability of the independent variable used in this study has a strong ability to explain the dependent variable, which is 84.20%, and the remaining 15.80% is influenced by other variables not included in this research, such as product quality, satisfactory and adequate facilities, and a strategic location.

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