

## **The Influence of Service Quality, Price and Location on Customer Satisfaction at Bangunan Makmur Cilangkap Store, Jakarta Timur**

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### **ABSTRACT**

This study aims to determine the effect of service quality, price and location on customer satisfaction at the Sumber Makmur store, Cilangkap, East Jakarta. The method used in research is a type of quantitative research. The population in this study are customers who are making purchases at the Sumber Makmur Building Store, Cilangkap, East Jakarta. Up to 80 respondents in this study used the incidental sampling technique. The source of data in this research is primary data which is obtained directly through filling out the questionnaires given to the respondents. Data collection techniques using questionnaires or questionnaires. The data analysis method used in this study is structural equation modeling (SEM) analysis and processed using the Smart PLS 3.0 application.

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

## INTRODUCTION

Marketing role now it is very important as a supporting capability an ongoing effort to keep growing. By therefore, entrepreneur must compete to create a strong marketing strategy in order to create satisfaction for its customers and can survive inside business competition. Companies that understand the demands, expectations and needs of their customers will pass on important advice to design the art of marketing management in order to achieve satisfaction for their customers. Interest in running a business today is very high and there are even a lot of people who are running a business in the same field, so it is necessary to develop creativity and innovation.

In creating good correlation with customers, the company must be able to provide good service quality. Satisfying service quality can be felt when the services provided exceed what consumers need. Consumer perceptions of quality and satisfying service can be seen from good, friendly, courteous and timely service being the most important and main thing that customers need. Service quality is related to the expertise of employees in delivering services, this gives a picture that service quality includes employees who pass on services to customers. After consumers are satisfied with the products and services they receive, consumers will compare the services

they receive. (Susan Novitasari Khadijah and Dianasari, 2018: 221) Real competition between one company and another can be seen in the quality of service and price as well as the facilities provided by the company, to increase customer satisfaction. Therefore, companies must start monitoring the importance of customer service more optimally than service quality because now it is increasingly recognized that service is a basic perspective in surviving to win business competition.

In addition to service quality, price can also affect the company's profit in selling its products and also affect consumers as a material consideration for whether or not to buy a product offered. Consumers before buying a product always look at the price perception based on the quality of the product. Because every purchase of a product will have a good impact on progress in company sales.

In choosing a location, it is also an important factor in setting up a business. Because the location chosen must be able to experience economic growth so that the business can survive due to the proximity of the business location to the center of the crowd, easy to reach, safe, and the availability of a large parking area. To be able to satisfy its customers, a company will carry out several strategies, for example choosing a good business location close to the target market and the availability of adequate

infrastructure is a strategy that can also make it easier for customers to get the product/service they want.

A level where the expectations and needs of customers can be met which will result in repurchasing or continued loyalty is customer satisfaction. The more fulfilled expectations from consumers, of course, customers will be more satisfied. A business must have strategies in selling its products, so consumers can be maintained existence or further increase in number. If the customer is satisfied, then he will make repeated purchases.

Sumber Makmur Building Store is a store that sells and provides various types of building goods and electrical equipment, provides services that facilitate online payments and others. This building shop is one of the shops that was founded in 1996 and is strategically located to make it easy for buyers to come shop at the store. In 2000 Sumber Makmur Building Stores built branch 1 and in 2017 built a second branch. This store provides good service and prices to its customers. In addition, the location is also easily accessible by the community. This is an excellent strategy to survive in competition with stores or other similar businesses. To give satisfaction to its customers, the Sumber Makmur store always provides products that customers want and need to provide good prices and service to all customers. That way

it will make the store more crowded visited by customers.

Based on this background, in this research the author takes the title: "The Influence of Service Quality, Price and Location on Customer Satisfaction at the Sumber Makmur Building Store, Cilangkap, East Jakarta".

## **THEORITICAL REVIEW**

### **SERVICE QUALITY**

Kotler, (2019) defines service quality as a form of consumer assessment of the level of service received and expected. If the service received or perceived is as expected, then the quality of service is perceived as good and satisfactory. Satisfaction that has been formed can encourage consumers to make repeat purchases and will later become loyal customers. (Sugeng, 2020) Goesth and Davis, (2019) argue that service quality is a dynamic condition related to service products, people, processes, environments that are able to meet and or exceed consumer expectations. Abdullah and Tantri, (2019) say service quality is the overall characteristics and characteristics of an item or service that affects its ability to satisfy stated and implied needs.

Moenir's statement, (2019: 27) that service quality is closely related to consumer satisfaction. Service quality can provide a special impetus for consumers to establish long-term mutually beneficial relationships

with the company. Sunyoto, (2018: 17) states that service quality is a measure of how well the level of service provided is able to match customer expectations.

There are five indicators of service quality according to Kotler (2019: 78), namely:

1. Tangible

Provision of services that include physical facilities and services that will be received by consumers. This dimension includes the availability of physical facilities, equipment and good means of communication to customers.

2. reliability

Ability to provide promised services reliably and accurately in the ability to provide services quickly and reliably.

3. Quick response

Ability to assist customers and provide services quickly and responsively. This dimension emphasizes attention and accuracy when dealing with customer requests, inquiries and complaints.

4. Certainty

Ability to generate perceptions of trust and confidence in customers for the services provided by the company.

5. Empathy

Give sincere and individual or personal attention given to customers by trying to understand the customer's wishes. This dimension includes friendliness and

knowledge of company employees about specific customer needs.

**PRICE**

Kotler and Armstrong, (2018: 324) explain that price is the amount of money issued for a product and service or the amount of value exchanged by customers to obtain benefits in using a product. Meanwhile, Guntur, (2020: 281) price is the amount of something that has value, generally in the form of money that must be sacrificed to get a product. Price is also the only element in the marketing mix that provides revenue or income for the company and is flexible.(Johan, 2022) Fadil and Utama, (2018: 139) argue that price is the amount paid by consumers to obtain the product or service offered by the seller.

Suparyanto and Rosad, (2019: 141) argue that price is the amount of something that has value, generally in the form of money that must be sacrificed to get a product. According to Suyanto, (2018: 259) price is the value that will buy in limited quantities, weight, or other sizes of goods or services. As consideration is given in exchange for the transfer of ownership, prices form an important basis of commercial transactions.

According to Assauri (2015), there are three indicators to measure the price, namely:

### 1. Price Affordability

Affordable prices are prices that consumers expect before buying a product, consumers will look for products that are affordable.

### 2. Discount or discount

Offering discounts can help entrepreneurs achieve or even exceed their planned sales targets.

### 3. Payment method

As a procedure and payment mechanism for a product or service in accordance with applicable regulations. Ease of payment can be taken into consideration by consumers when making a purchase decision. Because if the payment facility is still inadequate or does not make it easy for consumers, then it can cause new problems for consumers.

## **LOCATION**

Kuswatiningsih, (2019: 57) states that location refers to various marketing activities that seek to expedite and facilitate the delivery or distribution of goods and services from producers to consumers. A strategic location aims to maximize the benefits of the company's location. According to Swastha, (2018: 24) explains that the location of the place where a business or business activity is carried out in achieving a goal. Lupiyoadi and Hamdani, (2019: 92) state that location is a decision made by a company or corporate

agency regarding where the operation and its nature will be located.

Kotler and Armstrong, (2018: 51) describe that location is a variety of company activities to make products produced or sold affordable and available to target markets, in this case related to how to deliver products or services to customers and where strategic locations are. Tjiptono (in Ratih, 2018: 1256) says that location refers to various marketing activities that seek to facilitate and expedite the delivery or distribution of products and services from producers to consumers.

There are six dominant indicators influencing location according to Kuswatiningsih (2018: 15), namely:

1. Access, namely the location that is passed is easy to reach by public transportation so that consumers can easily get the product they want.
2. Visibility, namely the location or place that can be seen clearly from normal visibility.
3. Traffic, that is, a lot of people passing by can provide a great opportunity for spontaneous or unplanned buying decisions.
4. Spacious, comfortable and safe parking area for both two-wheeled and four-wheeled vehicles.
5. Expansion, namely there is a large enough place for business expansion in the future.

6. Environment, namely the surrounding area that supports the products offered to customers.

### **CUSTOMER SATISFACTION**

According to Septian and Saputra, (2020: 46) consumer satisfaction refers to the stages of customer perception after distinguishing what customers get and what they want. If satisfied with the quality of the product or service, there are many opportunities to be consumed for a long time. According to Oliver, (2019) satisfaction is the level of one's feelings after comparing the performance/results he feels with expectations, so the level of satisfaction is a function of the difference between perceived performance and expectations, if it is not in line with expectations then the customer will be disappointed.(Eva, 2021) If performance matches expectations, the customer will be very satisfied. Meanwhile, if the performance exceeds expectations, the customer will be very satisfied. Consumer expectations can be formed by past experiences, comments from relatives.

Setiawan, (2018: 3) argues that customer satisfaction is a situation shown by customers when they realize that their needs and desires are as expected and well fulfilled. Then according to Kotler, (2019: 150) states customer satisfaction is a response or response of consumers regarding the fulfillment of needs. Satisfaction is an

assessment of the characteristics or features of a product or service, or the product itself. Hedrio, (2019: 78) argues that customer satisfaction is an assessment of feelings of pleasure with the perception of the performance of the alternative product or service chosen that meets expectations.

According to Kotler (2018: 150), there are three dimensions in measuring customer satisfaction, namely:

1. Conformity of expectations  
Is the level of conformity between the expected service performance and perceived by the customer.
2. Interested in visiting again  
Is the willingness of consumers to revisit or reuse related services.
3. Willingness to Recommend  
Is the willingness of consumers to recommend services that have been felt to friends or family.

### **RESEARCH METHODS**

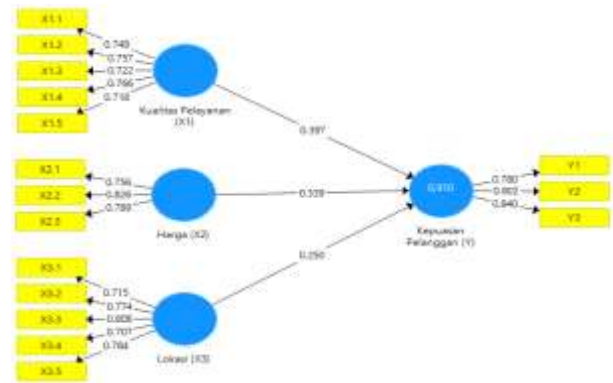
This research is a type of quantitative research. The data analysis method uses Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis, SmartPLS version 3.0 software. The population in this study are customers who are making purchases at the Sumber Makmur Cilangkap Building Store, East Jakarta. using incidental sampling technique, as many as 80 respondents. There are several stages of testing, namely the outer model, to determine the validity test

and reliability test which includes convergent validity, discriminant validity, composite reliability, average variance extracted, cronbach's alpha, inner model includes the r-square test and hypothesis testing.

**RESULTS**

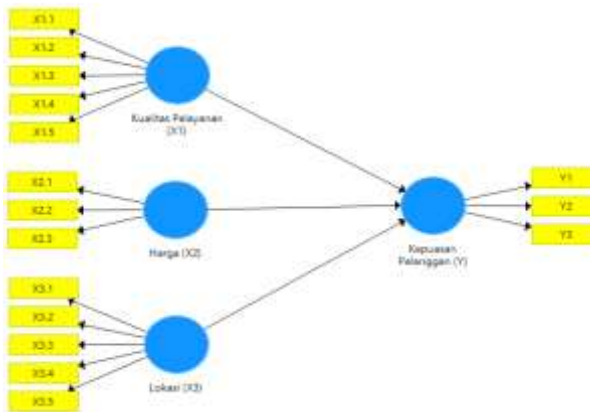
The data analysis method used in this study uses Structural Equation Modeling – Least Square Party (SEM-PLS) using Smart PLS software version 3.0 specifically designed to estimate structural equations on the basis of variance. The structural model in this study is shown in Figure 1 below:

**Loading factor value**



**Convergent validity**

**Structural Models**



An indicator is said to be valid if the loading factor of an indicator is positive and greater than  $> 0.5$ . The loading factor value shows the weight of each indicator/item as a measure of each variable. Indicators with large loading factors show that these indicators measure the strongest (dominant) variable. The following can be seen the value of the loading factor results SmartPLS output :

Variable	Indicator	Outer Loading
Service quality(X1)	X1.1	0.749
	X1.2	0.757
	X1.3	0.722
	X1.4	0.766
	X1.5	0.718
Price(X2)	X2.1	0.756
	X2.2	0.826
	X2.3	0.789
Location(X3)	X3.1	0.715
	X3.2	0.774
	X3.3	0.808
	X3.4	0.707
	X3.5	0.784
Customer Satisfaction (Y)	Y1	0.780
	Y2	0.802
	Y3	0.840

**Average Variance Extra (AVE)**

**Results of Average Variance Extraed (AVE)**

Variable	$\sqrt{AVE}$
Service Quality (X1)	0.551
Price (X2)	0.625
Location (X3)	0.575
Customer Satisfaction (Y)	0.652

**Reliability Test**

**Composite Reliability**

**Composite Reliability Results**

Variable	Composite Reliability
Service quality(X1)	0.860
Price(X2)	0.833
Location(X3)	0.871
Customer Satisfaction (Y)	0849



**Cronbach's Alpha**

**Cronbach's Alpha results**

Variable	Cronbach's alpha
Service quality(X1)	0.797
Price(X2)	0.702
Location(X3)	0.814
Customer Satisfaction (Y)	0.733

**InnerModel**

**R-Square**

**R – Square results**

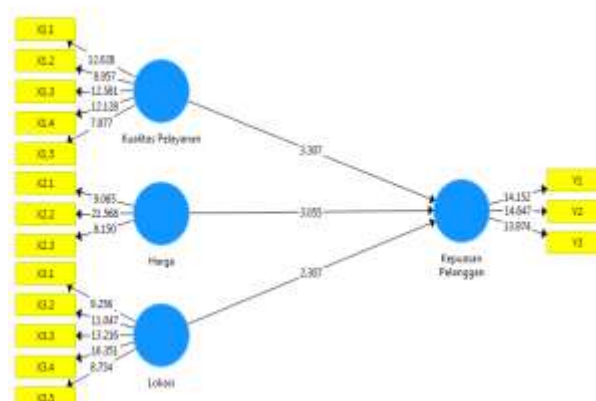
Variable	R-Square	R-Square Adjusted
Customer Satisfaction (Y)	0.910	0.907

**Hypothesis test**

**Hypothesis Test Results**

Variable	Original sample (O)	Sample Mean (M)	Standar Deviation (STDEV)	T-Statistics ( O/SDEV )	P-Value
Service Quality (X1) -> Customer Satisfaction (Y)	0.397	0.378	0.120	3,307	0.001
Price (X2) -> Customer Satisfaction (Y)	0.339	0.353	0.111	3,055	0.002
Location (X3) -> Customer Satisfaction (Y)	0.250	0.255	0.109	2,307	0.021

**Bootstrapping results, t-statistics**



## **DISCUSSION**

### **The Effect of Service Quality on Customer Satisfaction**

From the results of the SEM Smart PLS software analysis, it shows that the relationship between Service Quality (X1) and Customer Satisfaction (Y) shows a coefficient value of 0.397, p-values of 0.001 ( $< 0.05$ ) and t-Statistics of 3,307 ( $> 1.96$ ). These results indicate that Service Quality has a positive and significant effect on Customer Satisfaction. So that the hypothesis (H1) which states Service Quality (X1) has an effect on Customer Satisfaction (Y) is accepted and proven true.

### **Effect of Price on Customer Satisfaction**

Results 1 of testing the second hypothesis, namely the effect of price (X2) on customer satisfaction (Y) shows a coefficient value of 0.339, a p-value of 0.002 ( $< 0.05$ ) and a t-statistic of 3,055 ( $> 1.96$ ). This result shows that price (X2) has a positive and significant effect on customer satisfaction (Y). So that the hypothesis (H2) which states Price (X2) has an effect on Customer Satisfaction (Y) is accepted and proven true.

### **The Effect of Location on Customer Satisfaction**

Results 1 of testing the third hypothesis, namely the Effect of Location (X3) on Customer Satisfaction (Y) shows a coefficient value of 0.250, a p-value of 0.021

( $< 0.05$ ) and a t-statistic value of 2,307 ( $> 1.96$ ). This result shows that location (X3) has a positive and significant effect on customer satisfaction (Y). So that the H3 hypothesis which states Location (X3) has an effect on Customer Satisfaction (Y) is accepted and proven true.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion**

1. The results of data analysis show that Service Quality (X1) has a positive and significant impact on Customer Satisfaction (Y). This shows that if the quality of service provided by the Sumber Makmur Cilangkap Building Store, East Jakarta, is getting better, customer satisfaction will increase and vice versa if the quality of service provided is less than optimal and not as expected, customer satisfaction will decrease, this can have a negative impact that will affect customer disinterest in shopping at Sumber Makmur Building Stores.
2. The results of data analysis show that price (X2) has a positive and significant effect on customer satisfaction (Y). This shows that if the price offered by the Sumber Makmur Cilangkap Building Store, East Jakarta, is relatively cheap and affordable by customers, it will have a positive impact on the store in increasing its business, provided that the products offered meet expectations.

3. The results of data analysis show that location (X3) has a positive and significant impact on customer satisfaction (Y). This shows that it is increasingly strategic and easy to reach the location of the building store, so customer satisfaction at the Sumber Makmur Cilangkap Building Store, East Jakarta, will continue to increase.

### Suggestion

1. Sumber Makmur Building Stores must be more friendly and polite and respect each of their customers so that in the future they will become regular and loyal customers at the Sumber Makmur Banguan Store. Therefore, service quality is also one of the factors that influence customer satisfaction.
2. Sumber Makmur Building Stores must provide discounts and discounts for their customers so they don't turn away and switch to another Building Store that offers price discounts.
3. Sumber Makmur Building Stores must provide a wider and safer parking area to increase sales and attract more customers.

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