

The Effect of Price and Service Quality on Customer Satisfaction at Cafe Tuan Jana Bandar Lampung

Aflhauranty Regina.¹, Riswan²

^{1,2} Faculty of Social Science and Political Science, University of Bandar Lampung

E-mail: aflhaurantyregina@icloud.com

Abstract

In the business world, especially in the coffee shop industry in Bandar Lampung, customer happiness is of utmost importance due to intense rivalry. The purpose of this study is to ascertain how consumer happiness at one coffee shop, Cafe Tuan Jana Bandar Lampung, is impacted by pricing and service quality. Utilizing a quantitative methodology, the study included 96 respondents who were Cafe Tuan Jana Bandar Lampung patrons. With the use of SPSS, a Likert scale questionnaire was used as part of the data gathering method. The study sample consisted of patrons of Cafe Tuan Jana Bandar Lampung, and the analytic used was multiple linear regression analysis. The study's findings demonstrate that pricing significantly and favorably affects consumer happiness. For example, in Cafe Tuan Jana Bandar Lampung, client satisfaction is positively and significantly impacted by service quality.

Keywords: *Price, Service Quality, Customer Satisfaction*

INTRODUCTION

A coffee shop is a place that offers a variety of coffee drinks in a relaxed atmosphere with comfortable furniture, TV, WiFi, music, and reading areas as well as attractive interior design and friendly staff. The use of coffee has now become a socially accepted trend.

Coffee shop owners of all types of companies must be able to react to changes and prioritize customer satisfaction (Kotler, 2005). Customer satisfaction is the emotional response a person has when comparing his opinion of the performance of a product with



his expectations. Coffee shops must analyze the wants and needs of current and potential consumers to meet their demands.

Increased worker efficiency and productivity, lower price sensitivity, reduced future transaction costs, increased customer loyalty, and a positive coffee shop reputation are all results of customer satisfaction. Customers' evaluation of the service they receive (perceived service) and the service they anticipate (expected service) is what determines service quality. Customer satisfaction, loyalty, and repeat purchases all increase, and sales increase, when service is top-notch.

Merchants only make money from price as part of the retail marketing mix. Price is one of the factors in the pricing strategy that affects coffee shop operations and helps businesses gain a competitive advantage. According to Hurriyati (2010), pricing plays an important role in decision making by guiding buyers to optimize the expected utility or benefits within their budget.

The business world must be careful in setting prices in today's highly competitive market, because the amount of price set will have a significant impact on the company's competitiveness and client attractiveness. Businesses may use their competitors' prices as a benchmark in determining the selling price of their goods to increase the level of competition in the market.

Since a company's ability to satisfy its customers is critical to its survival, it plays an important role in improving its marketing performance. Quality assurance, which is currently used as a standard for a company's competitive advantage, is a major concern for every business because customer happiness is determined by the quality of the product or service that consumers seek. The ability of a business to satisfy its customers is very important, but it is not always easy to do so. Lupiyoadi (2018) states that service quality is one of the factors that must be considered to ensure customer satisfaction.

The younger generation has changed along with the advancement of civilization and culture. Like young people in Lampung, especially in Bandar Lampung, who live more consumerist and loyal to coffee, thus motivating local people to compete by opening coffee shops. A coffee shop called Cafe Tuan Jana opened in 2019 and is located on Jalan Gg. M.Saleh No.69, Jagabaya III, Bandar Lampung. The Javanese term "Kromo Inggil jana", meaning "home" or "hometown", is the origin of the word "Tuan Jana". "Tuan Jana Cafe" was established because the owner, who has experience working abroad from the Lampung region, decided to start over in his own country after a long period of migration.



Based on observations made using Google Maps and many conversations with Mr. Jana's clients, there are many factors that customers consider before choosing a particular coffee shop. To satisfy its customers, coffee shops must make efforts to satisfy their needs, whether they are related to location, price, or service quality. There will be a gap between what customers want (expectations) and the rates charged by coffee shops if this is ignored. Therefore, the café's ability to communicate effectively with customers lies in providing excellent service at a reasonable cost and in a convenient location.

LITERATURE REVIEW

Customer Satisfaction

Woodruff and Jenkins Tjiptono (2011) define customer satisfaction as emotions that develop as a result of using a product. Wijayanti (2012) states that product quality and information used to make purchasing decisions have an impact on total consumer satisfaction, namely the emotional response to goods and services.

According to Swasta and Irawan (2008), there are three factors that determine the level of customer satisfaction, namely satisfaction with product quality (Quality Satisfaction), satisfaction with price (Value Satisfaction), satisfaction with promotion.

Service Quality

Kotler and Keller (2016: 143) define quality as the extent to which the attributes of a product or service can meet a requirement. As stated by Kasmir (2017: 47), service quality refers to the measures taken by individuals or organizations with the aim of satisfying both workers and consumers. According to Aria and Atik (2018: 16), when wanting to provide excellent service, service quality is an important factor to consider. The focus of a company must be on service quality because it has a direct impact on customer satisfaction, which will increase if the service is of high quality.

This is a complicated issue; visitors will judge the level of service based on five criteria. Parasuraman (2008) states that physical evidence, transmission, responsiveness, confidence and assurance, and empathy are the five main aspects used to communicate service excellence.

Price

When two parties engage in a business transaction, they agree on the price of the goods or services to be exchanged. Pricing a product or service is the amount of money



that consumers are willing to pay in exchange for the benefits provided (Kotler and Armstrong, 2012). Pricing is defined by Stanton (1991) as the value expressed in rupiah and other trading currencies. The term "price" is used by Harini (2008) to describe the monetary value required to purchase different goods and services.

Swastha (2010) states that price levels, discounts, payment conditions, and payment periods are examples of price indicators.

RESEARCH METHODS

This study uses quantitative methodology to convey facts in numerical format. The research was conducted on the demographic characteristics of visitors to Tuan Jana Cafe in Bandar Lampung involving 96 participants. Data collection methods include recording, observation, and conducting surveys with a Likert scale to be analyzed in SPSS. This research uses various types of data analysis, including classical testing, multiple linear regression analysis, reliability test, validity test, and instrument test.

RESULTS AND DISCUSSION

Table 1. Research Validity Test Results

Variable Symbol	Variables	Indicator	r count	Sig	r tabel $\alpha = 5\%$	Status
X1	Price	HRG1	0.788**	0.000	0.1671	Valid
		HRG2	0.766**	0.000	0.1671	Valid
		HRG3	0.823**	0.000	0.1671	Valid
		HRG4	0.768**	0.000	0.1671	Valid
X2	Service Quality	KL1	0.801**	0.000	0.1671	Valid
		KL2	0.811**	0.000	0.1671	Valid
		KL3	0.683**	0.000	0.1671	Valid
		KL4	0.661**	0.000	0.1671	Valid
		KL5	0.813**	0.000	0.1671	Valid
		KL6	0.576**	0.000	0.1671	Valid
		KL7	0.753**	0.000	0.1671	Valid
		KL8	0.599**	0.000	0.1671	Valid
		KL9	0.752**	0.000	0.1671	Valid
		KL10	0.668**	0.000	0.1671	Valid
Y	Customer	KP1	0.660**	0.000	0.1671	Valid
		KP2	0.594**	0.000	0.1671	Valid



	Satisfaction	KP3	0.715**	0.000	0.1671	Valid
		KP4	0.748**	0.000	0.1671	Valid
		KP5	0.716**	0.000	0.1671	Valid
		KP6	0.631**	0.000	0.1671	Valid

Source: Data Managed by Researchers, 2024

After evaluating 96 research samples, the findings of the validity test of the research instruments showed that overall the instruments were valid at $\pm 1\%$ and 5% significant levels.

Table 2. Research Reliability Test Results

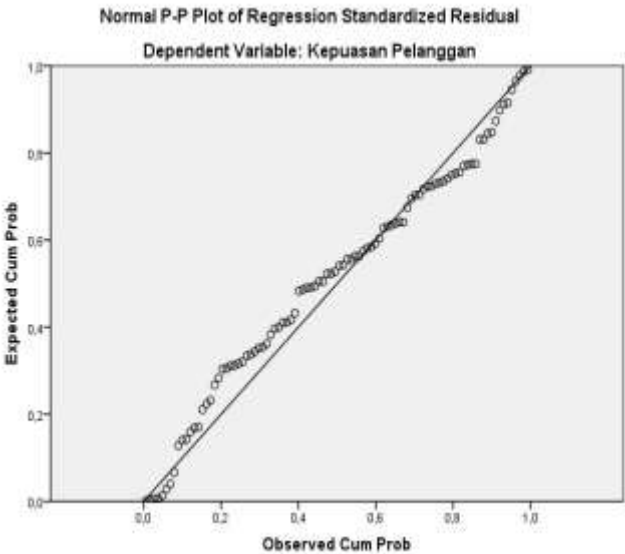
No.	Variables	Variable Symbol	Cronbach's Alpha	N of Item s	Standard	Status
1	Price	X1	0,793	4	0.60	Reliable
2	Service Quality	X2	0,890	10	0.60	Reliable
3	Customer Satisfaction	Y	0,763	6	0.60	Reliable

Source: Data Managed by Researchers, 2024

Table 2 displays the Cronbach Alpha values for variable Y which measures customer satisfaction, X2 which measures service quality, and 0.793 which measures price. This shows that the Cronbach alpha of each variable is greater than 0.60. The reliability of each research variable is shown below. So, it is clear that the components evaluated on this research questionnaire are consistent.



Table 3. Normality Test



Source: Data Managed by Researchers, 2024

The assumption of normality is met by the regression model in this study because the data meets the criteria of a normal probability plot. This proves that the sample used for the study is broadly representative of the population.

Table 4. Multicollinearity Test

Model		Unstandardized Coefficients		Sig.	Collinearity Statistics	
		B	Std. Error		Tolerance	VIF
1	(Constant)	3,240	1,472	,030		
	Price	,404	,122	,001	,531	1,882
	Service Quality	,327	,049	,000	,531	1,882

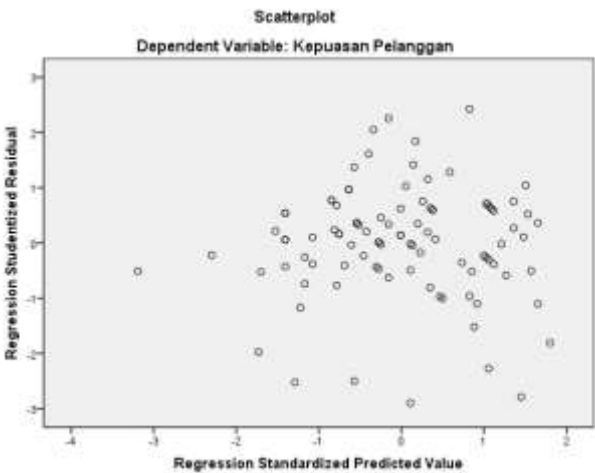
Source: Data Managed by Researchers, 2024

The VIF value for the price variable is 1.882 and for the service quality variable it is also 1.882, both of which are below the threshold of 10 as shown in the table. For variable



values above 0.1 on customer satisfaction and price tolerance. If the Variance Inflation Factor (VIF) score is below 10, there is no multicollinearity according to the test guidelines. The table shows that the tolerance exceeds 0.10 and the VIF value of each independent variable is below 10. The research data does not show multicollinearity.

Table 5. Heteroscedasticity Test



Source: Data Managed by Researchers, 2024

The scatter plot in the figure above shows that the points do not have a clear pattern of bulging, widening, and finally narrowing. Wavy indicates a pattern that moves up and down, wide indicates a pattern with increasing distance between elements, and narrow indicates a pattern with elements getting closer together. Heteroscedasticity does not exist.

Table 6. Multiple Linear Regression Analysis Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,240	1,472		2,201	,030
	Price	,404	,122	,285	3,313	,001



	Service Quality	,327	,049	,575	6,692	,000
a. Dependent Variable: Customer Satisfaction						

Source: Data Managed by Researchers, 2024

Utilizing the SPSS application, calculations were performed based on the regression equations provided:

$$Y = 3.240 + 0.404 X_1 + 0.372 X_2 + e$$

The regression equation has the following meaning:

- Since 3,240 is a constant representing price and service quality, the average of all independent factors will affect this variable, which represents consumer happiness.
- The pricing coefficient (X_1) of 0.404 indicates that an increase in the price variable while maintaining consistency in service quality will result in a customer satisfaction variable of 0.404.
- There is no change in price, but the service quality factor has increased by 0.327. The service quality variable will increase the customer happiness variable by 0.327.

Table 7. Results of the t-test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,240	1,472		2,201	,030
	Price	,404	,122	,285	3,313	,001
	Service Quality	,327	,049	,575	6,692	,000
a. Dependent Variable: Customer Satisfaction						

Source: Data Managed by Researchers, 2024

The output findings show that all independent variables have a positive and large influence with a certain value:



- a) The correlation between price and customer satisfaction is statistically significant ($t_{count} > t_{table}$) at a significance level of 0.001, which is below the normal criterion of 0.050. The results show that price has a significant and positive effect on customer happiness. H1 is approved or supported.
- b) The correlation between service quality and customer satisfaction is statistically significant with a p value of 0.000, which is less than the significance threshold of 0.050. The results indicate that service quality has a good and important influence on customer satisfaction. H2 is thus recognized or verified.

Table 8. Simultaneous Significant Test (F)

ANOVA^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	710,963	2	355,482	81,030	,000 ^a
	Residuals	407,995	93	4,387		
	Total	1118,958	95			
a. Predictors: (Constant), Service Quality, Price						
b. Dependent Variable: Customer						

Source: Data Managed by Researchers, 2024

The Fcount value in the ANOVA table of 81.030 is greater than the Ftable value of 3.94 and the significance level of 0.000 indicates that the model with price and service quality is most suitable for predicting customer happiness.

Table 9. Coefficient of Determination (R)²

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,797 ^a	,635	,628	2,095
a. Predictors: (Constant), Service Quality, Price				

Source: Data Managed by Researchers, 2024



The model summary table has an R^2 value of 0.635. Both price and service quality as independent variables together contribute 63.5% to customer satisfaction. The independent variables of price and service quality account for the variance in customer happiness, with 36.5% of the variance due to factors that have not been studied.

Discussion Effect of Price on Customer Satisfaction

The results of hypothesis testing show that there is a positive and statistically significant relationship between price and customer satisfaction ($t = 3.313$ greater than the critical $t = 1.661$; $p = 0.001$ less than 0.050).

The research findings show that pricing represents the monetary value exchanged for the transfer of ownership rights of products and services to another party. The buyer's payment includes the services offered by the seller, as indicated by this definition. Sellers also want to make a profit from this pricing. Marketers often choose a price based on the individual goods or services involved in the transaction, additional complementary services, and the benefits that the connected product offers to fulfill the customer's desire. When consumers associate the price of a product or service with perceived benefits, they often see it as an indication of value. The value of a product is the ratio of its real value to its market price.

The results of this study are supported by Arief Syah 2020; Nasution 2022; and Anggraini 2021; who concluded that price has a positive and significant relationship direction.

Discussion Effect of Service Quality on Customer Satisfaction

Service quality has a significant effect on customer satisfaction based on the results of hypothesis testing. The calculated t value of 6.692 exceeds the critical t value of 1.661 with a significance level of 0.000 indicating a strong relationship. This result can be seen as a demonstration of high quality that motivates clients to establish a deep relationship with the company. Over time, such connections allow organizations to gain a comprehensive understanding of client expectations and interactions.

Companies can increase customer satisfaction by maximizing positive encounters with clients and minimizing negative encounters. High service quality can result in client satisfaction, loyalty, and increased frequency of visits.



The findings of this study are corroborated by Arief Syah 2020, Nasution 2022, and Anggraini 2021 which determine that service quality has a positive and substantial correlation.

CONCLUSIONS

The research findings regarding the correlation between price, service quality, and customer happiness led to the conclusion:

1. The relationship between price and customer satisfaction has a positive and significant effect on customer satisfaction. Price is considered from the consumer's point of view and is often used as a measure of value when associated with the perceived superiority of a product or service. Value is the correlation between a person's perceived quality and the cost of a product or service.
2. The correlation between service quality and satisfaction has a significant effect on customer satisfaction. High-quality and reliable service will be firmly embedded in the customer's impression. Exceptional service quality can result in happiness, loyalty and more frequent customer visits.

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