

The Influence of Service Quality, Price and Location on Customer Satisfaction.

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Abstract

In the modern era based on digital technology, competition in the business world is getting tighter and increasing with the influence of digitalization, one of which is business in the pharmaceutical sector. The increasing number of business people in the field of medicines (pharmaceuticals), this of course requires Sajiwa Raga Pharmacy to continue to innovate and provide the best service in order to maintain customer satisfaction so that customers do not switch to competitors who continuously offer superior services.

The aim of this research is to explain the influence of Service Quality, Price and Location on Customer Satisfaction at the Sajiwa Raga Pharmacy in Bandung, where the independent variables in this research are Service Quality, Price and Location and the dependent variable is Customer Satisfaction. This research was conducted at Sajiwa Raga Pharmacy Bandung, Jl. Kiaracandong Bandung City.

The data collection method used is by distributing questionnaires or questionnaires which have been filled in by Sajiwa Raga Bandung Pharmacy customers. A sample of 99 respondents was taken using a non-probability sampling method with an incidental sampling technique. The research method in this thesis is the descriptive verification method with the analysis used including validity test, reliability test, classical assumption test, correlation coefficient test, coefficient of determination test and multiple linear regression test.

The results of the Multiple Linear Regression analysis show that the value of $Y = -4.683 + 0.144 X_1 + 0.456 X_2 + 0.351 X_3$ $0.000 < 0.05$, it can be concluded that together the variables Service Quality, Price and Location have a simultaneous and significant effect on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung.

The level of relationship or Correlation Coefficient between Service Quality, Price and Location on Customer Satisfaction from the test results using the SPSS program obtained the number 0.574 which means it is at a moderate level of relationship because it is in the interval 0.40 - 0.599 which shows the strength of the relationship between the variables Service Quality, Price and Location together on Customer Satisfaction with. The R square (R²) value is 0.330, so it can be concluded that the Coefficient of Determination of Service Quality, Price and Location influences Customer Satisfaction (Y) by 33%. In other words, Service Quality, Price and Location together have an influence of 33% on Customer Satisfaction at the Sajiwa Raga Pharmacy in Bandung, the remaining 67% is influenced by other factors outside the Service Quality, Price and Location variables such as Product Quality, Innovation, Brand Image and others.

Keywords

Service Quality, Price, Location and Customer Satisfaction.

1. Introduction

In the modern era based on digital technology, competition in the business world is getting tighter and increasing with the influence of digitalization, one of which is business in the pharmaceutical sector. This is because medicines are one of the needs of human life that must be fulfilled to support human health. The development of the medicines pharmacy business is accompanied by more and more pharmacies appearing, many pharmacies are starting to

mushroom in Indonesia, especially the city of Bandung accompanied by many people competing to open a business or pharmacy business to gain profits because this business is valuable. This is quite a promising venture.

Competition is restricted worldwide in addition to locally (in some regions) and nationally. This leads to an increase in the number of factors that can influence business or enterprise performance. Companies must make a concerted effort to research, understand, and anticipate their customers' requirements and desires, by doing so, they will be better able to design marketing strategies that will meet customer needs. The ability of a product or service to satisfy or dissatisfy a customer is a component of the customer's experience and tends to develop certain beliefs he or she has learned from experience. Customers will be able to compare the goods or services they have used with competitors' goods or services thanks to this value.

Apart from service quality, price is also an important factor in sales activities. Many businesses fail or go out of business as a result of setting rates that are not in accordance with the market, whereas price is a material factor in making purchasing decisions for customers, so the prices issued must adjust to the customer's economic situation so that customers can buy the goods they need. Sajiwa Raga Pharmacy in Bandung City is one of the companies currently experiencing intense competition. The emergence of many other pharmacies reflects increasingly fierce competition. Services and prices are different, as are the places occupied, giving rise to their own characteristics. This requires the development of a plan by the pharmacy owner or manager to compete and outperform competing pharmacies.

The increasing number of business people in the field of medicines pharmaceuticals, this of course requires Sajiwa Raga Pharmacy to continue to innovate and provide the best service in order to maintain customer satisfaction so that customers do not switch to competitors who continuously offer superior services. Common problems faced by Sajiwa Raga Pharmacy include increasing numbers of competitors, problems arising internally, many complaints from customers about the service provided by employees, prices that are relatively less competitive with competitors, lack of employee responsiveness to customers and location choices that are considered adequate. Strategic but the condition of the road which is always congested makes customers reluctant to buy medicine there. The complaint is related to dissatisfaction with service, with one of the service facilities and with shopping activities at the Sajiwa Raga Pharmacy. Efforts made to overcome competition with other competitors who both provide the same medicinal (pharmaceutical) products are by improving service quality. This service quality has great value in bringing customers to a level of satisfaction, so that satisfaction will have a positive impact on Sajiwa Raga Pharmacy, Bandung City. Roles that can support customer satisfaction are good product quality, affordable prices, excellent service quality, easily accessible business locations and ease of purchasing products with the availability of various kinds of products that customers may need. Service quality functions as a factor that brings variables into customer satisfaction. This service quality has many dimensions, including physical evidence, service reliability, service alertness, convenience, communication, politeness and understanding needs. Sajiwa Raga Pharmacy which operates in the field of medicines (pharmaceuticals), especially prescription medicines, must also be wise in determining the selling price of a product which is considered appropriate to the conditions of the community and customers, as well as choosing a good location for all sales activities, because that way it will create profits for the company.

Good pricing will greatly influence customer purchasing decisions, affordable prices are a significant factor for customers to buy certain products and determining a location in a busy place or easily accessible to potential customers can be a strategy that can be implemented by business owners. Individuals or groups of people prefer pharmacies that are located close to their activities. The location, design, and layout of service and comfort facilities have a significant impact on customer mood and reactions, and it is these moods and responses that can later contribute to customer satisfaction and dissatisfaction. Customer dissatisfaction is a customer's reaction to the difference between current and previous expectations.

Customer satisfaction is the degree to which customer desires and expectations can be met, resulting in repeat purchases and creating sustainable customer loyalty. The greater the fulfillment of customer expectations, the happier the customer will be. A business must have a marketing plan so that customers can be retained and even expanded in number. If a customer is happy, he or she will make repeat purchases as proof of satisfaction that meets their expectations.

The aim and objective of this research is to collect accurate data related to Service Quality, Price, Location and Customer Satisfaction. The data is processed and analyzed and then the results will be presented.

The objectives of this research are as follows:

1. Know, describe and analyze the quality of service, price, location and customer satisfaction provided by Sajiwa Raga Pharmacy in Bandung city to customers.
2. Measure, describe and analyze the influence of service quality on customer satisfaction at the Sajiwa Raga Pharmacy, Bandung City.
3. Measure, describe and analyze the effect of pricing on customer satisfaction at Sajiwa Raga Pharmacy, Bandung City.

4. Measure, describe and analyze the influence of location on customer satisfaction at Sajiwa Raga Pharmacy, Bandung city.
5. Measure, describe and analyze the influence of Service Quality, Price and Location on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung City.

2. Literature Review

Marketing is an activity that facilitates and expedites a mutually satisfying exchange relationship through the creation, distribution, promotion and pricing of goods or services (Kotler. Philip, et al, 2021).

Marketing Management is a series of processes of analysis, planning, implementation, as well as supervision and control of marketing activities where the aim is to achieve company targets effectively and efficiently, and can also be interpreted as a tool for analysis, planning, implementation and control of a program in a company. It has been designed to build, create and also maintain exchanges so that they can provide profits which will later be used as a way to achieve the main goals of a business or company (Michael R. et al, 2021).

Service Quality is how far the difference is between customers expectations and reality regarding the service they receive. Service quality can be determined by comparing customer perceptions of the service they actually receive with the actual service they expect (Malayeff. John, 2022). Service quality is the first thing the company pays serious attention to, which involves all the company's resources. Quality is said to be good if the service provider provides services that are equivalent to those expected by customers (Sunil. Luthra, 2020). It can be concluded that service quality is basically centered on efforts to fulfill customer needs and desires and the accuracy of delivery to match customer expectations.

Service Excellent is the best service whose aim is to maintain customer loyalty (Thirumaran, et al, 2021). According to this definition, it can be concluded that excellent service is the best service to consumers provided by companies or organizations operating in the service sector to maintain the existence of the company or organization and to maintain customer satisfaction which can result in the growth of customer loyalty.

Price is the amount of money that a customer must spend to obtain the goods or services they purchase to meet their needs and desires (Kolari. James W, et al., 2021).

Location refers to various marketing activities that try to expedite and facilitate the delivery or distribution of goods and services from producers to consumers. Strategic location aims to maximize profits from the company's location (Maggio O'Farrell, 2017).

The definition of customer satisfaction is a comprehensive attitude towards a good or service which includes a response to customer needs in assessing the comparison or suitability between expectations and the realization of the service performance provided or the results felt by the customer (Ebisa. Bakana, 2020). One of the expectations that customers want from a company is good quality service, most customers reject or do not tolerate mediocre quality performance. Thus there will be a close relationship between service quality and customer satisfaction. If customers are satisfied with the services provided, they will make repeat purchases as before, make new purchases or purchase larger services so that there is a long-term and long-lasting relationship with customers. On the other hand, if customers are not satisfied, they will leave the company to seek services from another company. Please note that customers or consumers disengage because they are dissatisfied and they may spread a bad image by word of mouth about the company which can be detrimental to the company.

Customer satisfaction is a function of perceived performance (services received) and expectation (customer expectations) which can be seen in the satisfaction function with the following formula (Alma. Buchari, 2021) :

$S = f(E,P)$ Where:

S = Satisfaction (customer satisfaction)

E = Expectation (customer expectations)

P = Product perceived Performance (services received by customers)

The results above can be seen as follows:

1. If $E > P$, then the customer is not satisfied with the service received
2. If $E = P$, then the customer will be satisfied with the service received
3. If $E < P$, then the customer will be very satisfied with the service received

3. Methods

Service quality, price and location have a close relationship to make customers achieve a high level of satisfaction, as a result of which this satisfaction will have a positive impact on Sajiwa Raga Pharmacy, Bandung City. Roles that can support customer satisfaction are good product quality, competitive prices, excellent service quality, easily accessible locations and ease of purchasing products with the availability of various kinds of products that customers may need. Service quality is closely related to customer satisfaction, if service quality is assessed as good and of good quality then the opportunity for customers to become loyal to the company will be greater because service quality gives customers experience with various expectations that may be obtained through the services provided, good pricing will be very influencing customer purchasing decisions, affordable prices are also a significant factor for customers to buy certain products and making crowded locations easily accessible to potential customers can be used as a strategy that companies can implement.

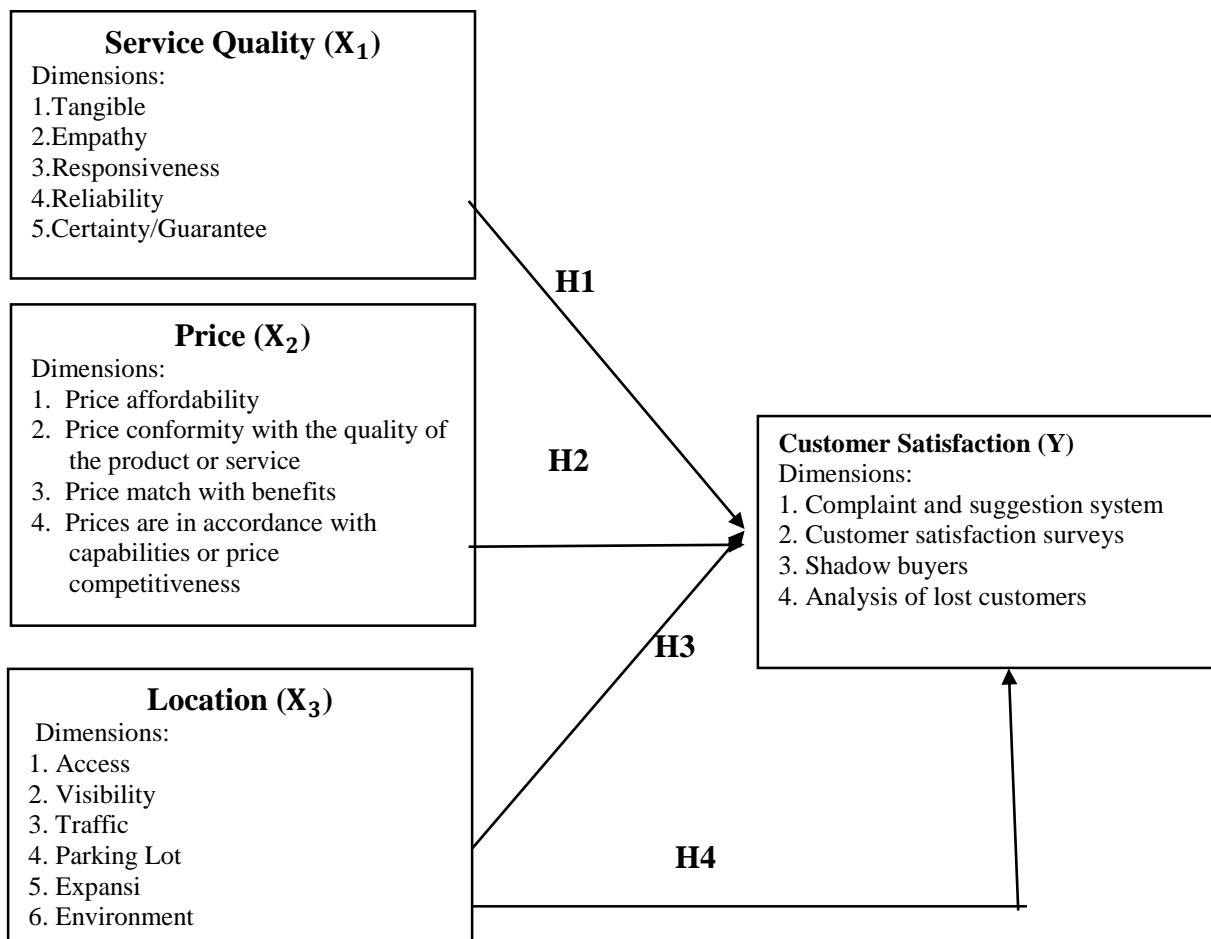


Figure 1 : Research Paradigm

Independent variables are variables that have an influence or cause changes and the emergence of dependent variables (Sugiyono, 2020). In this research, the independent variables are Service Quality (X₁), Price (X₂) and Location (X₃). In variable product or service quality, price suitability with benefits, and price according to ability or price competitiveness as well as the X₃ dimension variables used, namely Access, Visibility, traffic, parking, expansion and environment.

The dependent variable is the variable that is influenced or becomes a consequence, which is due to the existence of an independent variable (Sugiyono, 2020). In this study the dependent variable is customer satisfaction (Y).

4. Data Collection

In this research activity, before testing the hypothesis, the instrument will first be tested with validity and reliability tests. Calculating the validity of the instrument in this research is determined by correlating the score obtained for each statement item with the total score where the total score is the sum of all statement scores. The formula used to find the correlation value uses Pearson product moment, then the calculated r_{value} is compared with r_{table} .

A measuring instrument or statement in a questionnaire is classified as reliable if the measuring instrument used can measure consistently or stably, even though the questions are valid. The purpose of this test is to determine the extent to which the measurement results remain consistent if measurements are carried out twice or more with the same symptoms using the same measuring instrument. To determine the reliability of each instrument used, researchers used the Cronbach alpha coefficient (α) using Statistical Product and Service Solution (SPSS) software for interval measurement types. An instrument is said to be reliable if the Cronbach's alpha value is greater than the specified limit, namely 0.600 or the calculated correlation value is greater than the table value and can be used for research based on the results of data processing obtained by instrument test results through validity and reliability tests.

Table 1 : Correlations

		Service Quality	Price	Location	Customer Satisfaction
Service Quality	<i>Pearson Correlation</i>	1	.232*	-.007	.352**
	<i>Sig. (2-tailed)</i>		.021	.942	.000
	<i>N</i>	99	99	99	99
Price	<i>Pearson Correlation</i>	.232*	1	.315**	.446**
	<i>Sig. (2-tailed)</i>	.021		.002	.000
	<i>N</i>	99	99	99	99
Location	<i>Pearson Correlation</i>	-.007	.315**	1	.361**
	<i>Sig. (2-tailed)</i>	.942	.002		.000
	<i>N</i>	99	99	99	99
Customer Satisfaction	<i>Pearson Correlation</i>	.352**	.446**	.361**	1
	<i>Sig. (2-tailed)</i>	.000	.000	.000	
	<i>N</i>	99	99	99	99

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

5. Results and Discussion

Based on the results of multiple linear regression analysis on the influence of Service Quality, Price and Location on Customer Satisfaction, a regression equation can be formulated as follows:

$$= -4,683 + 0,144 X_1 + 0,456 X_2 + 0,351 X_3 + \epsilon$$

Judging from the results of the multiple linear regression analysis above. then it can be interpreted as follows: a. The constant value of unstandardized coefficients is -4.683, meaning that if Service Quality, Price and Location do not exist or the value is 0, then the value of Customer Satisfaction is considered 0 or does not exist. b. The regression coefficient for the Service Quality variable (X_1) is 0.144 and has a positive value on Customer Satisfaction, indicating that Service Quality has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city,

meaning that if the Quality of Service is increased one by one, then Customer Satisfaction will increase by 0.144. Increasing Service Quality is followed by increasing Customer Satisfaction. c. The regression coefficient for the Price variable (X₂) is 0.456 and has a positive value on Customer Satisfaction, indicating that Price has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city, meaning that if the Price is increased one unit, then Customer Satisfaction will increase by 0.456, an increase in the Price value followed by increased Customer Satisfaction. d. The regression coefficient for the Location variable (X₃) is 0.351 and has a positive value on Customer Satisfaction, indicating that Location has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city, meaning that if Location is increased one unit, then Customer Satisfaction will increase by 0.351, an increase in Location is followed by increasing Customer Satisfaction. The level of relationship or Correlation Coefficient between Service Quality, Price and Location and Customer Satisfaction from the test results using the SPSS program shows that the correlation coefficient (R) value is 0.574, which means it is at a moderate level of relationship because it is in the interval 0.40 - 5.999. which shows the strength of the relationship between the variables Service Quality, Price and Location together on Customer Satisfaction. The R square (R²) value is 0.330, so it can be concluded that the Coefficient of Determination of Service Quality, Price and Location influences Customer Satisfaction by 33.0%. In other words, Service Quality, Price and Location together have an influence of 33.0% on Customer Satisfaction at Sajiwa Raga Pharmacy, Bandung City, the remaining 67.0% is influenced by other factors outside the Service Quality, Price and Location variables such as Product Quality, Brand Image, Innovation and others. Based on the results of simultaneous testing, it is known that the value of $F_{count} > F_{table}$ ($15.572 > 2.70$) with a significance value of $0.000 < 0.05$, it can be concluded that simultaneously H_a is accepted and H_o is rejected, which means that simultaneously the variables Service Quality, Price and Location have simultaneous and significant influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung City. Based on the calculation stage carried out starting from the questionnaire scores from 99 respondents regarding Service Quality, Price and Location, it has a significant influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung City.

6. Conclusion

1. The regression coefficient for the Service Quality variable (X₁) is 0.144 and has a positive value on Customer Satisfaction, indicating that Service Quality has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city, meaning that if Service Quality is increased by one unit, then Customer Satisfaction will increase by 0.144, an increase in Quality Service is followed by increased Customer Satisfaction.
2. The regression coefficient for the Price variable (X₂) is 0.456 and has a positive value on Customer Satisfaction, indicating that Price has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city, meaning that if the Price is increased one unit, then Customer Satisfaction will increase by 0.456, an increase in the Price value followed by increased Customer Satisfaction.
3. The regression coefficient for the Location variable (X₃) is 0.351 and has a positive value on Customer Satisfaction, indicating that Location has a positive influence on Customer Satisfaction at the Sajiwa Raga Pharmacy, Bandung city, meaning that if Location is increased one by one, Customer Satisfaction will increase by 0.351, an increase in Location is followed by increasing Customer Satisfaction.
4. The condition of the Customer Satisfaction variable (Y) at the Sajiwa Raga Pharmacy, Bandung city, based on respondents' responses, shows that the Sajiwa Raga Pharmacy always responds to complaints from me and other customers, because it is known to have obtained the lowest average score with a score of 2.61, which is the actual score smallest in the Customer Satisfaction (Y) variable and in the statement that Sajiwa Raga Pharmacy often contacts me and customers who move or switch to other pharmacies get the highest average score which gets an average score of 2.88 which is the highest actual score in the Satisfaction variable Customer (Y). Overall, the Customer Satisfaction variable (Y) shows that the average respondent assessment score is in the Fairly Good category with an average score of 2.72.
5. Based on the research results, it shows that service quality, price and location have a significant influence on customer satisfaction at Sajiwa Raga Pharmacy, Bandung. Apart from that, the research results also show that the Service Quality variable is included in the Fairly Good category, the Price variable is included in the Fairly Good category, the Location variable is included in the Fairly Good category and Customer Satisfaction is included in the Fairly Good category based on the results of the questionnaire that has been processed by the researcher

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