

# The Effect of Perceived Price and Service Quality on Consumer Satisfaction of Healthy Baby Food Counters

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**Abstract** Among the problems faced by a company, one is not being able to pay attention to the price in a product and the quality of service. It is a challenge to create customer satisfaction with superior service quality and competitive prices. Maintaining customer satisfaction is very important because it can lead to repeat customers and increase sales where customer satisfaction is the relationship between individual expectations of product or service performance with personal expectations. This study aims to examine whether the perceived value of price and service quality affect consumer satisfaction in healthy baby food counters, a case study of Rabbani Babyfood Brebes. This research was conducted at the healthy baby food counters of Rabbani Babyfood Brebes using a quantitative method by distributing questionnaires to consumers via the Google Form link and the questions on the questionnaire paper, with 100 respondents through a questionnaire, consists of 16 questions. Then the data were collected and processed using SPSS version 22 to see the effect of each variable. The results of this study indicate that the variable price and service quality have a positive effect on the level of customer satisfaction.

**Keywords** Perceived Price, Service Quality, Customer Satisfaction, Healthy Food

## 1. Introduction

In this era of globalization, companies make efforts to remain competitive and maximize profits by satisfying and retaining their customers [1]. Factors that influence customer satisfaction are service quality, safety, price, and facilities provided by consumers. This shows that there is an exchange of service quality and price which is then associated with consumer satisfaction [2]. An important role in the establishment of the business environment is consumers, because business consumers can continue to run and develop. The problem faced by a company is that it has not been able to pay attention to the price in a product and the quality of service. This is a challenge to create customer satisfaction with superior service quality and competitive prices. Maintaining customer satisfaction is very important because it can lead to repeat customers and increase sales [3, 4]. Customer satisfaction as a relationship between individual expectations of product or service performance and their personal expectations [5].

Empirical analysis of consumer satisfaction, namely (1) whether there is an effect of price on consumer satisfaction, (2) whether there is an influence of service quality on consumer satisfaction, (3) whether there is an influence of price and service quality on customer satisfaction. Price and service quality have a positive and significant effect on consumer satisfaction [6-9]. In the study of Alzoubi et al. [5] found that price and service quality have a positive and

significant effect on consumer satisfaction.

Previous research has emphasized consumer satisfaction on product quality and environmental quality [5]. This study tries to test whether the perceived price and quality of service have an effect on Consumer Satisfaction at Rabbani Babyfood Brebes. Currently Rabbani Babyfood has 48 branches and 60 employees spread across Brebes. Rabbani Babyfood sets prices with the ability of consumers and has a variety of quality food flavors, namely 10 flavors with good quality. This is a strategy to survive in the same business competition.

This study focuses on the level of price and service quality on customer satisfaction without involving product quality and environmental quality indicators. The results of this research practically or theoretically are expected to be useful to provide information, descriptions and views for the owners of Rabbani Babyfood reasons consumers are satisfied with the price and quality of service so that they visit regularly, making evaluations in the sales system and this research can be used as a reference or references in developing the theory of the effect of price and service quality on consumer satisfaction of Rabbani Babyfood Brebes.

## 2. Literature Review

### The Effect of Price on Consumer Satisfaction

Price is the amount charged for a service or product. Price also shows the amount that consumers have to pay to get a product or service. The price fairness index is cheap, appropriate, reasonable and affordable [10]. Prices that focus on how buyers are able to get products according to consumer desires, take advantage of reciprocal cooperation and consumer satisfaction between consumers and company owners which are very important factors to build company performance in achieving profits. In the absence of tangible clues, consumers associate high prices with high levels of product and service performance. Consumers have both positive and negative views. The positive view is the result of satisfaction with the purchase, while the negative view is that consumers are not satisfied with the product [7]. As explained, price is one element of the marketing mix that makes up revenue, while the other elements incur costs. There are four dimensions of price, namely price to quality, affordability, price competitiveness, and price to profit. Price plays a role in the decision-making process, namely the role of price distribution to help buyers decide how to obtain the highest expected yield or utility based on their purchasing power.

Affordable prices and good quality satisfy consumers and attract new consumers and ultimately make consumers loyal.

*H<sub>1</sub>: Perceived price has a positive effect on consumer satisfaction.*

### The Influence of Service Quality on Customer Satisfaction

Quality is a dynamic condition influenced by people, processes, services, products and the environment that meet or exceed expectations. Service quality aims to provide what customers need and timely delivery to balance consumer needs [11]. Service quality must begin with consumer demand and end with customer satisfaction and an understanding of service quality. Consumers will feel the satisfaction given, then will return to visit and buy [12]. In previous research journals, that service performance and customer satisfaction are the same two aspects, because the service performance indicator is the level of customer satisfaction. After measuring customer satisfaction, it will also measure service performance. Then improving service quality will lead to customer satisfaction and cost control, thereby increasing profits [2]. Some researchers establish the relationship between service quality and customer satisfaction. In addition, studying the factors that affect customer satisfaction in the telecommunications industry. These two experts have found that service quality, assurance, responsiveness, reliability, empathy, and practicality have multiple effects and are positively related to customer satisfaction. In a previous journal, conducted research on how to improve the relationship between companies and customers by providing high-quality online banking services. Research has shown that providing high quality service to customers and making customers feel that quality leads to high customer satisfaction and loyalty brings customer pleasure and happiness [13]. This tends to increase the number of purchases per visit and increase the frequency of purchases [5]. Service quality also has a positive and significant effect on consumer satisfaction [10, 14].

*H<sub>2</sub>: There is a positive influence of service quality on consumer satisfaction.*

In this study includes three variables, consumer satisfaction as the main determining factor that affects the price and quality of service to be studied. This research was conducted at the outlet of Rabbani Babyfood, Brebes Regency, Central Java, Indonesia. To examine this relationship, this study proposes a research model as a theoretical framework (Figure 1).

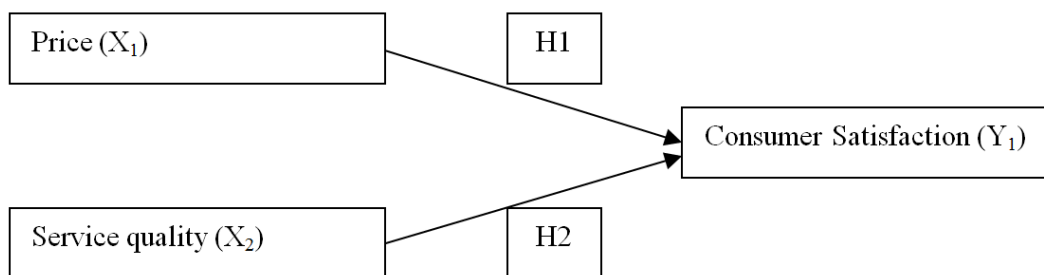


Figure 1. Research Model

Table 1. Validity and Reliability Results

Variable	Indicator	Validity Results	Information	Reliability Results	Information
Price	X1.1	0.647	Valid	0.643	Reliable
	X1.2	0.603	Valid		
	X1.3	0.589	Valid		
	X1.4	1	Valid		
Service quality	X2.1	0.499	Valid	0.535	Reliable
	X2.2	0.693	Valid		
	X2.3	0.649	Valid		
	X2.4	0.746	Valid		
Consumer Satisfaction	Y1.1	0.692	Valid	0.625	Reliable
	Y1.2	0.670	Valid		
	Y1.3	0.682	Valid		
	Y1.4	0.708	Valid		

Source: Research Results (2021)

### 3. Methods

This type of research uses quantitative research. The object of this research is Rabbani Babyfood, which is engaged in the culinary business for toddlers or children under five years of age. The population in this study were 102 consumers of Rabbani Babyfood Brebes with a sample of 100 people who were selected using simple random sampling. Data was collected through questionnaires distributed to consumers in several branches in Brebes such as Keboledan, Petujungan, Klampok and others. Questionnaire questions are made using a scale of 1-4 (linear scale) to obtain data that is interval in nature and will be given a score or value. Technical analysis used in this research is Statistical Package for the Social Sciences (SPSS) version 22 with validity test, reliability test, classical assumption test such as normality test and hypothesis testing such as ANOVA test or F test, T test and R square test. The primary data in this study used questionnaire answers from questionnaires distributed by researchers via the google form link and distributed questionnaires containing questions to consumers of Rabbani Babyfood Brebes, while the secondary data were research journals containing theories that support the research.

### 4. Results and Discussion

This research was conducted with 102 respondents from consumers of Rabbani Babyfood Brebes with male consumers 77.5% and female consumers 22.5%. Then the age of consumers who are more than 20 years old is 82.4% and 17.6% are those who are less than 20 years old. Table 1 showed the results of testing the validity and reliability of each research variable.

The results of the validity test using Pearson showed that the correlation of each indicator with a value of  $> 0.195$  (table r value of N100 with a risk level of 5%) which means that each variable is declared valid. Similarly, the reliability test resulted in the indicator variables being tested to be reliable for each indicator with a Cronbach alpha value  $> 0.6$  which means reliable.

Normality test is used to determine whether the data is normally distributed or not. The normality test used is the One Sample Kolmogorof-Smirniv Test. Where if the significant value is more than 0.05 then the variable is said to be normal, but if the significant value is less than 0.05 then the variable is said to be abnormal.

**Table 2.** Normality test results

		Unstandardized Predicted Value
N		100
Normal Parameters <sup>a,b</sup>	Mean	13.4100000
	Std. Deviation	1.10345281
Most Extreme Differences	Absolute	0.077
	Positive	0.077
	Negative	-0.066
Test Statistic		0.077
Asymp. Sig. (2-tailed)		0.149 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Research Results (2021)

The results of the normality test using the One Sample Kolmogorof-Smirniv Test method, have a significant value of  $0.149 > 0.05$ , meaning that each independent variable has a normal distribution to the dependent variable of consumer satisfaction.

Hypothesis testing is done by t-test to predict the magnitude of the relationship between the independent

variables, namely price, service quality, and the dependent variable, namely customer satisfaction, which is described in Table 3.

Testing H1 Sig value. on the effect of price on consumer satisfaction of  $0.042 < 0.05$ , so it can be concluded that H1 is accepted, there is an effect of X1 on Y. In testing H2, the results showed Sig value on the effect of service quality on customer satisfaction of  $0.000 < 0.05$ , so it can be concluded that H2 is accepted, which means that there is an effect of X2 on Y.

Testing the third hypothesis, the value of Sig. on the effect of price and service quality on consumer satisfaction of  $0.000 < 0.005$ , so it can be concluded that the third hypothesis is accepted, meaning that there is an influence between X1 and X2 on Y.

The results of the R Square test on the effect of price and service quality variables on consumer satisfaction variables are 31.5% or 0.315. Overall, the results are line with previous research found the relationship between perceived price on consumer satisfaction [15-19]. The findings are also consistent with previous literature demonstrating the influence of service quality on consumer satisfaction [18, 20-28].

**Table 3.** Multiple regression analysis test results (t test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.997	1.478		2.704	0.008		
	PRICE	0.255	0.124	0.210	2.058	0.042	0.675	1.482
	SERVICE QUALITY	0.444	0.110	0.414	4.051	0.000	0.675	1.482
a. Dependent Variable: CUSTOMER SATISFACTION								

Source: research results (2021)

**Table 4.** Multiple regression analysis test results (f test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	120,543	2	60,272	22,344	,000 <sup>b</sup>
	Residual	261,647	97	2,697		
	Total	382,190	99			
Dependent Variable: Customer Satisfaction; Predictors: (Constant), Quality of Service, Price						

Source: research results (2021)

**Table 5.** R-Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.562 <sup>a</sup>	0.315	0.301	1.64237
a. Predictors: (Constant), Quality of Service, Price				
b. Dependent Variable: Customer Satisfaction				

Source: research results (2021)

## 5. Conclusions

Based on the results of data analysis that has been carried out, it can be concluded that price has an influence on consumer satisfaction with one of the indicators is the price according to the ability of consumers. This shows that consumers are very satisfied with the price at Rabbani healthy baby food. Service quality has an influence on consumer satisfaction with one of the indicators is having friendly and polite service. This shows that consumers are very satisfied with the friendly and courteous service. From the results of this study and the conclusion the author has suggestions that can be tried to be applied to Rabbani healthy baby food. Because the most influential indicator on the price variable is according to the ability of consumers, Rabbani healthy babyfood still maintains prices according to consumer abilities in various branches. Because the most influential indicator on the service quality variable is having friendly and polite service, Rabbani babyfood still maintains service quality by having polite and friendly waiters for all consumer segments.

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