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THE EFFECT OF PRICE AND PRODUCT QUALITY ON CONSUMER SATISFACTION LEVELS (CASE STUDY ON CONSUMERS AT TERRACOTTA CAFE LAMONGAN)

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Abstract

From the economic aspect, the development of cafes has a positive impact on the development and business activities of the creative economy. The fierce competition demands that entrepreneurs must be ready and able to compete. Terracotta Cafe is a hangout place that is currently crowded with young people, especially those in Lamongan. The purpose of this study is to find out the factors that affect the level of consumer satisfaction. This study uses a quantitative approach. The consumer population at Terakota Cafe is 21,975 people and the sample needed is based on the calculation of the slovin formula of 100 respondents. Data were collected using questionnaires. Data processing using SPSS with Multiple Linear Regression Analysis technique. The results of the study show that partially and simultaneously the price and quality of products affect consumer satisfaction. The dominant variable of influence is product quality.

Keywords: *Price, Product Quality, Consumer Satisfaction*

1. Introduction

The culture of hanging out in cafes is also a form of recognition of one's existence that it has followed current trends. The lifestyle of people who increasingly follow the culture makes culinary growth increasingly increasing. Lifestyle is a person's behavior that is shown in activities, interests, and opinions, especially people related to self-image to reflect their social status (Michael & Abdul Rahman, 2022). When viewed from the economic aspect, the development of cafes has a positive impact on the development and business activities of the creative economy so that it is able to create jobs.

In an era of such fierce competition and the increasing number of cafes, entrepreneurs must be ready and able to compete. Price and product quality are one of the considerations for young people to choose a café. The number of places to hang out today is also accompanied by certain themes and goals. For example, various contemporary concepts such as instagramable, musical accompaniment, affordable prices, varied food and beverage menus, and different presentations from others are its own attractions (Kusyanda & Masdiantini, 2022).

In the culinary business, especially cafes, what needs to be considered is not only about taste but also product superiority, service and price are important factors that must be considered by entrepreneurs. Because the proliferation of cafes and hangouts today indirectly shows the market's interest in the existence of the hangout itself. As is the case in Lamongan City, there are also many cafes, one of which is the Terracotta Cafe.

Based on observations and interviews conducted by researchers, there is a problem that is being faced by the owner of Terracotta Cafe, namely the increase and decrease in sales. The increase and decrease start from January to December 2023. The decline in the number of transactions and sales at Terakota Cafe is due to a low level of satisfaction. Consumer satisfaction is something that must be considered by business actors (Diana & Fandy, 2019). Because customer satisfaction is a key aspect in maintaining a business to succeed in competition. Business actors must be oriented to what is needed and desired by consumers through innovation to create consumer satisfaction (P. L. Putri & Sari, 2022). One of the things that affects the level of consumer satisfaction is price.

Price is a monetary value determined by in exchange for goods or services traded and something else that a company holds to satisfy consumer desires. The price paid by the buyer includes the service provided by the seller. Even sellers also want a number of advantages from this price (Sukmawati & Gischa, 2023). Meanwhile, another thing that can affect the level of consumer satisfaction is product quality.

According to Kotler and Keller (2016:37) that product quality is a product's ability to perform its functions, that ability includes durability, reliability, precision, obtained by the product as a whole.

2. Material and Method

The research uses a quantitative approach. The data is sourced from questionnaires. The total population is 21,975 visitors to the Terracotta Cafe. The number of samples needed based on the slovin formula is 100 respondents. IMB SPSS statistical tool version 27. The analysis techniques used include Validity Test, Reliability Test, Classical Assumption Test, Coefficient of Determination, Multiple Linear Regression Analysis, T Test, F Test, Dominant Test.

Data Analysis

The number of data samples was processed or analyzed using the SPSS program.

3. Result

Validity Test

Table 1 Validity Test

Variable	Indicator	R Count	R table	Information
Price	X1.1	1.000	0.1966	Valid
	X1.2	0.651	0.1966	Valid
	X1.3	0.561	0.1966	Valid
	X1.4	0.525	0.1966	Valid
Product Quality	X2.1	1.000	0.1966	Valid
	X2.2	0.457	0.1966	Valid
	X2.3	0.584	0.1966	Valid
	X2.4	0.650	0.1966	Valid
	X2.5	0.551	0.1966	Valid
	X2.6	0.557	0.1966	Valid
	X2.7	0.474	0.1966	Valid
	X2.8	0.542	0.1966	Valid
Consumer Satisfaction	Y1	1.000	0.1966	Valid
	Y2	0.467	0.1966	Valid
	Y3	0.437	0.1966	Valid
	Y4	0.628	0.1966	Valid

Based on the results of the validity analysis test, it is known that all question items are said to be valid, it can be seen that r calculates $> r$ table, then all question items can be tested reliably.

Reliability Test

Table 2 Reliability Test

Variable	Cronbach Alpa	Criterion	Information
Price	0.817	0.60	Reliable
Product quality	0.778	0.60	Reliable
Consumer satisfaction	0.806	0.60	Reliable

The table above shows that the Cronbach's Alpha value for each of the research variables is greater than 0.60. Thus, it can be concluded that all of these research instruments are reliable.

Classical Assumption Test

1. Normality Test

Based on the statistical theory of the linear model, only the residue of the dependent variable Y must be tested for normality, while the independent variable is assumed to be not a function of distribution. So there is no need to test the normality. The output results of the normality test with Kolmogorov-Smirnov are as follows:

Table 3 Uji Kolmogorov-Smirnov

<i>One-Sample Kolmogorav-Smirnov Test</i>	
	<i>Unstandardized Residual</i>
<i>N</i>	100
<i>Kolmogorov-Smirnov Z</i>	0.454
<i>Asymp.Sig. (2-tailed)</i>	0.986
<i>Test distribution is Normal.</i>	

H0 is accepted if the sig value ≥ 0.05 from the table above is obtained a sig value of $0.986 = 98.6\% \geq 0.05$, then H0 is accepted. This means that the unstandardized variable is normally distributed.

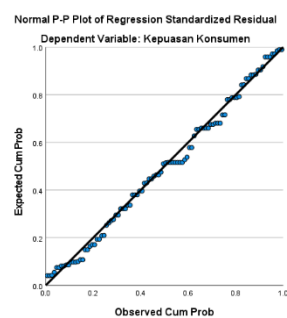


Figure 3.1 P-Plot Graph

In the P-Plot graph, it can be seen that the data spreads around the diagonal line and follows the direction of the histogram line towards the normal distribution pattern, so the dependent variable Y meets the assumption of normality.

2. Multicollinearity Test

Table 4 Multicollinearity Test

	<i>Collinearity Statistics</i>	
	<i>Tolerance</i>	<i>BRIGHT</i>

(Constant)		
Total. Price (x1)	0.173	5.769
Total. Product Quality (x2)	0.173	5.769

From the table above, it can be seen that each independent variable has a tolerance value of > 0.1 ($0.173 > 0.1$) and a VIF value of < 10 ($5.769 < 10$). So it can be concluded that there is no multicollinearity between free variables in this regression model.

3. Heteroscedasticity Test

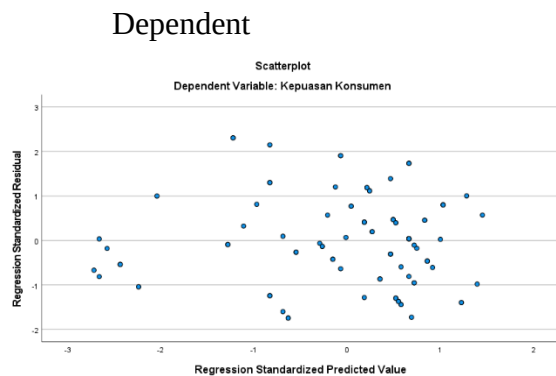


Figure 2 Variable Scatterplot

In the Scatterplot graph, it can be seen that the dots are randomly spread and scattered both above and below the zero number on the Y axis. In addition to observing the Scatterplot graph, the heterokedasticity test can also be carried out with the glacier test.

Table 5 Uji Glejser

	Collinearity Statistics	
	<i>t</i>	<i>Mr.</i>
(Constant)	0,533	0,000
Total. Price (x1)	2,034	0,005
Total. Product Quality (x2)	8,673	0,000

The results of the SPSS output display clearly show that all independent variables have a sig value < 0.05 . So it can be concluded that the regression model does not contain heteroscedasticity.

4. Uji Autokorelasi

Table 6 Autocorrelation Test

<i>R</i> Square	<i>Adjusted</i> <i>R</i> Square	<i>Std.</i> <i>Error of</i> <i>the</i> <i>Estimate</i>	<i>R</i> Square Change	<i>Durbin-</i> <i>Watson</i>
0,869	0,866	1,180	0,869	1,760

Based on the table of autocorrelation test results above, it is explained that the value of $du < dw < 4 - du$, namely $1715 < 1,760 < 2,285$. So it can be concluded that in this study there is no autocorrelation.

Coefficient Determination Test

Table 7 Coefficient Test of Determination

<i>R</i> Square	<i>Adjusted</i> <i>R</i> Square	<i>Std.</i> <i>Error of</i> <i>the</i> <i>Estimate</i>	<i>R</i> Square Change	<i>Durbin-</i> <i>Watson</i>
0,869	0,866	1,180	0,869	1,760

From the table above, it can be seen that the R Square is 0.869 or 86.9%, which means that the ability of the Independent variable to the Dependent variable is 86.9%. While the remaining 13.1% is explained by other variables.

Multiple Linear Regression Test

Table 8 Multiple Linear Regression

<i>Coefficients^a</i>			
Model		<i>Unstandardized</i> <i>Coefficients</i>	<i>Standardized</i> <i>Coefficients</i>
		B	Beta
1	<i>Constant</i>	0,310	
	Price (x1)	0,170	0,180
	Product Quality (x2)	0,423	0,766

Based on the table above, the equation $Y = 0.310 + 0.170 X_1 + 0.423 X_2$ is obtained.

Uji Hipotesis

1. Partial Test (t)

Table 9 T Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std Error	Beta	t	Mr
(Constant)	0,310	0,583		0,533	0,596
Price (x1)	0,170	0,083	0,180	2,034	0,005
Product Quality (x2)	0,423	0,049	0,766	8,673	0,000

From the table above, Price affects Consumer Satisfaction with a significance level of < 0.05 and tcal 2,034 and ttable 1.98447. Product quality affects consumer satisfaction with a significance level of < 0.05 and a tcount of 8,673 and a ttable of 1.98447.

2. Simultaneous Test (F)

Table 10 Test Results F

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Mr.
1	Regression	894,816	2	447,408	321,414	.000b
	Residual	135,024	97	1,392		
	Total	1029,840	99			

a. Dependent Variable: Consumer Satisfaction

b. Predictors: (Constant), Service quality, Price

The table above shows that the significance value of $0.000 < 0.05$, while the F value is calculated as 321.414 and the F table is 3.09. From this data, the value of $F_{cal} > F_{table}$ ($321,414 > 3.09$) can be obtained, so it can be concluded that together the variables of Price and Product Quality affect Consumer Satisfaction.

4. Discussion

Effect of Price (X1) on Consumer Satisfaction (Y)

The value of t calculated $> t$ table ($2.034 > 1.98447$), then partially the price variable has a significant effect on Consumer Satisfaction. This is in line with research conducted by Kumrotin, et al. (2021), Sinaga, et al. (2020) and Sembara, et al (2021).

Effect of Product Quality (X2) on Consumer Satisfaction (Y)

The value of t calculated $> t$ table ($8,673 > 1.98447$), it can be concluded that partially the Product Quality variable has a significant effect on Consumer Satisfaction. These results are in

line with the research results of Kumrotin, et al. (2021), Sinaga, et al. (2020) and Sembara, et al (2021).

The Simultaneous Influence of Price and Product Quality on Consumer Satisfaction

The F value is calculated $> F$ table ($321,414 > 3.09$), then it can be concluded that simultaneously the Price and Product Quality variables have an influence on Consumer Satisfaction. These results are in line with the research results of Kumrotin, et al. (2021), Sinaga, et al. (2020) and Sembara, et al (2021).

Dominant Variable

The value of 0.766 has the highest value among other variables. So it is concluded that the Product Quality variable has the most dominant influence on the Consumer Satisfaction variable. These results are in line with the research results of Sari, et al (2023), Ramadhan, et al (2020) and Sembara, et al (2021).

5. Conclusion, Implication, and Recommendation

Conclusion

The following is the conclusion of the research that has been carried out based on the results of the analysis:

1. There was a partial influence on the Price variable on consumer satisfaction at Terakota Cafe Lamongan, with the results of the analysis, namely the value of t calculation $> t$ table ($2,034 > 1.98447$); Product Quality has a partial influence on consumer satisfaction at Terakota Cafe Lamongan, with the results of the analysis of the t -value calculated $> t$ table ($8,673 > 1.98447$).
2. There was a simultaneous influence on the variables of Price and Product Quality had an influence on consumer satisfaction at Terakota Cafe Lamongan, with the results of the analysis of the F value calculated $> F$ table ($321,414 > 3.09$).
3. Based on the results of multiple linear regression analysis, it was shown that Product Quality was a variable that had a dominant value influencing customer satisfaction in Terracotta Cafe with a beta efficiency value of 0.766.

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