

The Effect of Services and Prices On Customer Satisfaction

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Abstract

The orientation of the marketing world has changed from profit orientation to satisfaction orientation. Many companies implement strategies to improve service quality, increase customer satisfaction, and win the competition to increase profits. The researcher tries to prove that there is a positive and significant influence on the quality of service and that it can increase customer satisfaction and increase profits. This research was conducted at PT. Anugrah Argon Medica Branch Serang Banten, from the total population of 200 active customers taken samples from Slovin formula as many as 67 respondents. This researcher uses associative research methods with a quantitative correlational approach. Associative research is a research method. Based on the results of hypothesis testing that has been carried out, the t-test variable Service Quality (X1) $1.040 < 1.997$ and significance level of $0.302 > 0.005$, it turns out that service quality has no significant effect on customer satisfaction. From the results of the variable t-test Price (X2) $5,284 > 1,996$ and the significance level of $0,000 < 0.05$, it turns out the price has a positive and significant effect on Customer Satisfaction, the results of the F test results obtained $23,103 > 3.14$ and the significance level of $0,000 < 0.05$ turned out to be Service Quality, and Simultaneous prices have a positive and significant influence on customer satisfaction. From the results obtained, the value of R 0.648 while Adjusted R Square has amounted to 0.419 so that it can be concluded that the contribution of service quality and price to the dependent variable customer satisfaction simultaneously is 41.90%

Keywords: Needs, Consumer Satisfaction, Quality of Service and Price.

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I. Introduction

Today's business environment is changing very rapidly and dynamically in both the product and service business, where nearly 70% of the total workforce of each country is engaged in the service sector. To maintain existence in an industrial environment, a company must have a competitive advantage that is unique and not easily imitated to be used to be able to compete and be able to maintain its own business. Competitive advantages are resources/resources owned either in the form of tangible assets or intangible assets. These conditions are the main driving force for every product and service company to continue producing products and providing the best servants so that consumer satisfaction can be fulfilled and continue to generate profits from the products or services offered, and mutual need relationships continue to exist.

Consumer satisfaction is an essential concept in the marketing concept. Satisfaction reflects someone's judgment about the product or service's performance to the desired expectations. Satisfaction or dissatisfaction is the customer's response to the evaluation of perceived incompatibility between previous expectations (or other performance norms) and the actual performance of the product or service that is felt after its use. This can also be used as a guideline by the company so that consumers can trust the product or service offered and make repeated purchases at the company. Many companies rely on customer satisfaction to guarantee success in the future. Still, they are disappointed to find that satisfied customers can buy products or use competitors' services without hesitation.

PT. Anugrah Argon Medica is a service company engaged in pharmaceutical distribution that has been established since 1980. Initially, PT Anugrah Argon Medica only distributed products from PT. Dexa Medica is a group within the Dexa Medica Group company. But when the government issues regulations relating to the distribution of pharmaceutical products and their sales operations, the distribution must be carried out through companies with their legal status, then PT. Anugrah Argon Medica also provides an opportunity for PT Anugrah Argon Medica to distribute products that come from PT Dexa Medica and can distribute products from other principals. In addition, in 1993, other government regulations allowed distribution companies to import finished products and register as local partners of each foreign company. At present, the distributor PT. Grace Argon Medica is trusted to distribute products from approximately 30 principles at present, and its business partners include PT. Pfizer, PT. Bayer, PT. Actavis, PT. Dexa Medica, PT. Merck, PT BSN, and PT. BDI.

PT. Anugrah Argon Medica has committed to improving customer and principal services continuously. In anticipation of intense competition, PT. Anugrah Argon Medica realizes the importance of enhancing capabilities and existence as one of the leading distribution companies in Indonesia. PT. Anugrah Argon Medica has spread throughout Indonesia with 44 branches, 2 representative offices and 2 depot offices. Each unit has been computerized and integrated with the head office in a modern way that

allows each department to provide a comprehensive information system for different uses of internal and external stakeholders.

PT. Anugrah Argon Medica applies the concept of prioritizing customer satisfaction by providing services and the best facilities and competitive prices. PT. Anugrah Argon Medica Serang Banten branch is the 43rd branch of PT. Anugrah Argon Medica is located in the attack area of Banten, where this branch office is always required to provide excellent service quality and must be able to apply the concept of prioritizing customer satisfaction by consistently delivering the best services and facilities and continuously improving sustainable expertise. Several fields of services and facilities must be developed sustainably, including service, delivery services, ease of transactions, handling complaints, and enhancing the competency of competent human resources.

Some of the problems that often arise from a company engaged in service delivery include service provided if it meets consumer expectations. The price given is already in line with customer expectations and accordance with perceived quality so that customers feel satisfied or even disappointed. Therefore, PT. Anugrah Argon Medica is required to innovate continuously to maintain consumer trust by continually improving the quality of service, providing competitive prices, ease of transactions, ease of complaint, timely delivery, easy payment methods, and being obedient and obedient to existing regulations so that customer satisfaction can increase and provide benefits to the company on an ongoing basis. Companies need to carefully determine consumer needs to fulfil desires and increase satisfaction with the services and facilities.

II. Literature Review

According to Daryanto and Setyobudi (2014: 48), customer satisfaction is an emotional assessment of consumers after they use products where the expectations and needs of consumers who use them are met.

Abdullah and Tantri (2016: 45) explain that customer satisfaction results from a perceived performance by buyers of corporate performance. Customers are satisfied if their expectations are fulfilled and happy or happy if their expectations are exceeded. Satisfied customers will be loyal for longer, buy more, less sensitive to prices and give good comments about the company. At the same time, Tjptono (2014: 353) explains customer satisfaction as the overall attitude towards an item or service after the acquisition and use.

According to Handi (2014), the factors that can influence customer satisfaction are:

1. Product quality, whether directly or indirectly, will affect customer satisfaction, and if it continues, it will lead to loyal customers buying or using the product and called customer loyalty.

2. In addition to product quality, Service Quality, there is another thing that affects loyalty, namely the quality of service.
3. Emotional is the seller's confidence to be more advanced in his business.
4. Price, surely people want good items at lower prices or compete, so prices here are more interpreted as high costs resulting from good quality products or high prices resulting from good quality service.
5. Cost: People think that companies that dare to spend a lot of money on a promotion or product must be reasonable and quality products, so customers are more loyal to the product.

The quality of a product or service evaluates essential functions owned by a product regarding several aspects such as accuracy, product durability, reliability, ease of operation, and other crucial attributes according to what is desired and needed by consumers.

If the service is received or felt as expected, the quality can be perceived as good and satisfying. Suppose the quality of service received exceeds customer expectations. In that case, the quality of service is perceived as the ideal quality of service. Still, if the quality of service received is lower than expected, then the quality of service is perceived poorly. So the customer's assessment of the quality of service depends on the provider's ability. Fandy Tjiptono (2014) defines service quality as focused on meeting customer needs and desires and the accuracy of delivery to offset customer expectations.

According to Parasuraman, quoted by Fandy Tjiptono (2014: 282), there are five main dimensions for measuring service quality, namely:

1. Reliability
That is the company's ability to provide services as promised, quickly, accurately, accurately and reliably. Performance must be by customer expectations which means timeliness, the same service for all customers, a sympathetic attitude, and high accuracy.
2. Assurance
That is the knowledge, politeness, and ability of company employees to foster customer trust in the company. This variable consists of several components, including communication (communication), credibility (credibility), security, competence (competence), and courtesy (courtesy).
3. Physical Evidence
That is the ability of a company to show its existence to external parties about the physical appearance of service facilities, equipment/equipment, human resources, and corporate communication materials.
4. Empathy
That includes ease in establishing relationships, good communication, personal attention and understanding of customer needs by trying to understand the desires of consumers. A company is expected to have experience and knowledge

of customers, meet customer needs specifically, and have a comfortable operating time.

5. Responsiveness

That is the willingness of employees to be responsive to help customers and provide fast, precise service accompanied by clear service delivery. In this case, the company is always responsive to consumer complaints arising from unfulfilled promises and responsiveness in capturing market changes, technology, equipment, and consumer behaviour.

In addition to product quality, the factors influencing customer satisfaction include price. Consumers tend to choose companies that offer their products at high discounts. Discounts are important considerations for consumers to buy products in a company.

Kotler and Armstrong (2012) that prices can be narrowly defined as the amount of money charged for a product or service. Or it can be broadly defined as the amount of value exchanged by consumers for the benefit of owning and using a product or service that enables the company to obtain a reasonable profit by being paid for the value of the customer it creates.

The narrow definition is that price is the amount of money charged on a product or service. More broadly, price is the sum of all the values that consumers exchange for the benefits of owning or using the product or service. (Kotler, 2001). Company goals and marketing should do the pricing process. The company does pricing based on many considerations. According to Stanton (2003), prices are nothing but an experiment to test the market's pulse. If a customer accepts an offer, the price is right. If they refuse, usually the price will be quickly replaced, or if necessary, the product can be withdrawn from its circulation. Companies need to see the importance of consumers being satisfied by providing good services and economical prices, providing the same performance or exceeding consumer expectations, to get consumers and achieve profits.

III. Methodology

This research uses quantitative methods with probabilistic characteristics using multiple regression analysis. The technique used to analyze the data is multiple linear regression with a series of instrument tests and definitive assumption tests. The population of this study were 200 customers of PT Anugrah Argon Medica. Based on calculations with the Slovin method, the samples to be taken are 67 customers or around 33% of the total customers of PT. Anugrah Argon Medica. This is done to facilitate data processing and for better testing results. Samples were taken based on probability sampling techniques; simple random sampling, where researchers provide the same opportunity for each customer to be chosen as a sample that is done randomly regardless of the strata that exist in the population itself. The data analysis testing technique used is the Validity

Test, Reliability, Classical Assumptions consisting of Normality, Multicollinearity, and Heteroscedasticity, Simple Regression Test, Multiple Regression, Determination Coefficient and Hypothesis Test (t-Test and F Test).

IV. Results and Discussion

Analysis of the data used is the Coefficient of Determination and Multiple Regression with the following results:

Table 1. R Square Test Result

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 ^a	.419	.401	4,322
a. Predictors: (Constant), Price, Quality of service				

Based on the *Model Summary* table, it is known that the value of R is 0.648 while *Adjusted R Square* is 0.419. It can be concluded that the contribution of service quality and price to the dependent variable of customer satisfaction simultaneously is 41.90.

Table 2. Partial Correlation

			Correlations		
Control Variables			Service quality	Price	Customer satisfaction
-one- ^a	Service quality	Correlation	1,000	.503	.407
		Significance (2-tailed)	.	.000	.001
		df	0	65	65
	Price	Correlation	.503	1,000	.640
		Significance (2-tailed)	.000	.	.000
		df	65	0	65
	Customer satisfaction	Correlation	.407	.640	1,000
		Significance (2-tailed)	.001	.000	.
		df	65	65	0
Customer satisfaction	Service quality	Correlation	1,000	.345	
		Significance (2-tailed)	.	.005	
		df	0	64	
	Price	Correlation	.345	1,000	
		Significance (2-tailed)	.005	.	
		df	64	0	

a. Cells contain zero-order (Pearson) correlations.

The output consists of 2 parts. Namely, the first part shows a correlation with customer satisfaction variables included. It appears that the correlation coefficient between service quality and price is 0.503. And a significance value of 0 means service quality and price correlate ($0.00 < 0.05$).

In the second part, customer satisfaction variables are not included. It appears that the correlation coefficient between service quality and price is 0.345 (down from the previous value). And the significance value is 0.00, which means the service quality and cost become a correlation ($0.05 < 0.05$). This means that customer satisfaction is influenced by service quality and price.

Table 3. Multiple Linear Regression

Model	Coefficients ^a					
	B	Unstandardized Coefficients	Standardized Coefficients	Std. Error	t	Sig.
1	(Constant)	16,389	5,820		2,816	.006
	Service quality	.106	.115	.102	1,040	.302
	Price	.562	.582	.106	5,284	.000

a. Dependent Variable: Customer Satisfaction

From the table above, the regression equation is obtained as follows:

$$Y = 16.389 + 0.106 X_1 + 0.562 X_2 + e$$

The results of the regression analysis show that the t design of service quality is 2.816 with a significance of t valued at 0.302 (significant at $\alpha = 5\%$) and a regression coefficient of 0, 106. In the regression equation, the constant value of 16,389 can be interpreted as customer satisfaction before being influenced by quality service and price.

Regression coefficient X_1 is 0, 106 states that if every increase in product quality variable (X_1) is equal to one unit, it will cause an increase or increase in customer satisfaction by 0, 106 units. The regression coefficient X_2 of 0.562 states that if each increase in the promotion variable (X_2) is equal to one team, it will cause an increase or increase in consumer satisfaction by 0.562 units.

Table 5. Simultaneous Test (F test)

Model	ANOVA ^a				
	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2	431,657	23,103	.000 ^b
	Residual	64	18,684		

Total	2059,075	66
a. Dependent Variable: Customer Satisfaction		
b. Predictors: (Constant), Price, Quality of service		

From the ANOVA test, the value of F count $23.103 > F$ table 3.13, then the independent variable (X) affects the dependent variable (Y). From the ANOVA test or F test, the calculated F value is 23.103 with a significance level of 0.000. because the significant probability is much smaller than 0.05, H_0 is rejected, and H_a is accepted. This shows that simultaneously H_3 states that service quality and price influence together on customer satisfaction.

Table 6. t-Test

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients	Standardized Coefficients	Beta		
1	(Constant) 16,389	5,820		2,816	.006
	Service quality .106	.102	.115	1,040	.302
	Price .562	.106	.582	5,284	.000

a. Dependent Variable: Customer Satisfaction

From the test, the value of t count $1.040 (X_1) < t$ table 1.996, then the independent variable (X_1) does not affect the dependent variable (Y). From the test value of t count $5.284 (X_2) > t$ table 1.996, then the independent variable (X_2) affects the dependent variable (Y). Based on the partial test results for product quality variables (X_1) obtained $t = 1.040$ with a significance value of 0.302. because the significant probability is far greater than 0.05, H_0 is accepted, and H_a is rejected. This shows that partially H_1 states an influence of service quality on customer satisfaction declined. Based on the partial test results for the promotion variable (X_2) obtained $t = 5.284$ with a significance value of 0,000. Because the significant probability is much smaller than 0.05, H_0 is rejected, and H_a is accepted. This shows that partially H_2 states an effect of price on customer satisfaction received.

V. Conclusion

The results of the study show that the variables of Service Quality (X_1) and Price (X_2) together has a positive and significant influence on Customer Satisfaction (Y) at PT. Anugrah Argon Medica Branch Serang Banten. This means that service quality and price must be given special attention because it will impact customer satisfaction. If the service quality consumers perceive their expectations, they will feel satisfied and are expected to return to buying the product and gain profit. Quality of service can be used to achieve competitive advantage and determine the success and quality of the company. If you want to create customer satisfaction, the services offered by the company must also be

of high quality. Therefore, PT Anugrah Argon Medica should continue to innovate and improve service quality to maintain customer satisfaction. Similarly, prices are part of a sales promotion that aims to increase sales and attract customer interest, also seeks to make customers who use these products feel satisfied with the benefits of using these products. PT Anugrah Argon Medica should still hold a discount program that affects customer satisfaction.

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