



International Conference on Economy, Management, and Business (IC-EMBus)

VOL. 1, 2023 p. 1527-1535
<https://journal.trunojoyo.ac.id/icembus>

The Effect of Service Quality and Price on Customer Loyalty for Mixue Products in Mataram City.

Hari Fajar Suryanto¹, Didy Ika Supryadi²

¹Economics and Business Department, Universitas Mataram

INFO ARTIKEL

Abstract

Keywords:

Service Quality, Price,
Customer Loyalty

This study aims to determine the effect of service quality and price on customer loyalty of mixue products in mataram city. the research method used is quantitative research with causal associative approach. the population in this study were people who had shopped at mixue. the sample taken consisted of 100 people using purposive sampling technique. the data was collected through an online survey and then analyzed using multiple linear analysis with spss version 25. the results showed that service quality and price had a positive effect on customer loyalty of mixue products in mataram city. these results can serve as a foundation for the company to improve the service quality and pricing strategy to strengthen the relationship with customers

✉ Authors

Corresponden Author

Email:

E-ISSN: 3026-0965

fajar.hari009@gmail.com

DOI :

Introduction

The development of the culinary business now provides great opportunities for business actors with changes in people's lifestyles. The Food and Beverage (F&B) business is one type of culinary business that continues to be in demand, especially after experiencing a decline during the pandemic but began to show a positive recovery in 2022 CNBC Indonesia (2023). Intense competition in the food and beverage (F&B) industry in Indonesia, including in the city of Mataram, West Nusa Tenggara. This encourages companies to always present

diverse innovations to attract consumer interest and maintain customer loyalty. The current sources of competitive advantage are innovation and creativity (Safrizal, 2023).

Mixue is a franchise company that provides ice cream products and tea drinks. According to Mixue's LinkedIn page, the company first opened a store in Indonesia in 2020 at Cihampelas Walk, Bandung. Previous research found that CSR can increase company value (tarjo et al., 2022). International trade is one of the efforts to increase economic growth and development (Priyadi et al., 2022). By the end of March 2022, there were 317 Mixue stores in Indonesia according to data from Pandaily. This achievement helped the company achieve an operating income of Rp57.2 billion, with a net profit of around Rp5.04 billion, according to IDX Channel (2023). Employee performance is a stage of achievement as an employee's work achievement (Safrizal et al. 2020).

Consumer loyalty can be interpreted as an act of commitment made by consumers by making continuous purchases of products or services in the future. This can be influenced by ongoing situations and strategies implemented by the company, which can change consumer behavior towards other brands. Human resources are by far the most important asset for an organization (Safrizal et al. 2020).

The company must do several things that can bind the hearts of customers to remain loyal to the company's products. One of them is the best service for consumers. When the service received by consumers is in accordance with expectations and desires, the quality of service can be considered good and satisfying. Human Activity Recognition has been researched for the past few years (Victoria, et al., 2022). Service Quality can be described by the perception of the comparison between expectations and the actual performance of the services received by customers. Because service quality must be seen as a process of activities that add value to the relationship between buyers and sellers. Apart from the service quality factor, to increase consumer loyalty, it is also necessary to pay attention to the price offered to customers and what will be obtained at that price. (Tjiptono, 2008) states that price can also be set to prevent competitors from entering, maintain customer loyalty, support repeat sales and others. The era of globalization is always marked by rapid changes in overall economic conditions which cause a number of demands to emerge in response to the changes that occur (Safrizal et al. 2020).

According to the research of (Alamsyah, Budiyanto, and Mufti, 2022) regarding the Analysis of the Effect of Service Quality and Product Quality on Customer Loyalty (Study on Elvano Brand Crystal Ice Consumers in Mojokerto) in line with this study where Service Quality has a positive effect on Customer Loyalty. According to (Jaya, Bagja and Somantri, 2020) research on the Effect of Price and Product Quality on Indosat Ooredoo Internet Customer Loyalty in Sukabumi is in line with this research where Price has a positive effect on Customer Loyalty. Focus on technologies that enable MCS to be implemented in

smart cities, such as task management, data collection, incentive systems, monitoring, and cost-saving tools (Wildan et al., 2023).

Based on the phenomena that have been described and also supported by various theoretical studies from previous research, it can be found an interesting thing that service quality and price will certainly greatly affect consumer loyalty, which is an important thing that must be considered, maintaining a brand means improving performance and maintaining company survival. As a financial institution that has an intermediary function, the role of banks is very important in the economic activities of a country, where banks become institutions that distribute funds and as a place for financial transactions, this makes banks unchanged like the pulse in the human body which is very much needed to support the smooth running of a country's economy (Ryandono et al., 2022). In this case, the researcher considers that research is needed related to the effect of service quality and price on Mixue products on Customer Loyalty. So in this study, the researcher took the title "The Effect Of Service Quality And Price On Customer Loyalty For Mixue Products In Mataram City". High Quality of Service and client-based communication with AI-enabled services is determined by Quality of Experience (QoE), (Padmapriya et al., 2023).

LITERATURE REVIEW

Theory of Consumer Behavior

According to (Kotler, 2009) consumer behavior is the study of how individuals, groups, and organizations choose, buy, use, and how goods, services, ideas, or experiences satisfy their needs and wants. According to (Engel, Blackwell and Miniard, 1994) consumer behavior is the action directly involved in obtaining, consuming, and spending products and services, including the processes that precede and follow these actions.

Customer Loyalty

Loyalty is a commitment that is owned to buy and use the same product or service. Customers who repeatedly go to the same place to satisfy desires by obtaining and paying for products or services (Kotler and Keller, 2016). Then loyalty According to (Tjiptono, 2011) loyalty is the behavior of repeated purchases of a brand.

Service Quality

According to Kotler in (Alma, 2007) reveals that service quality is a way of working by the company to make continuous quality improvements starting from the processes, products, and services produced by the company. According to (Tjiptono, 1997) states that Service Quality is the fulfillment of customer needs and desires and the accuracy of their delivery to balance customer expectations.

Price

Price is the amount of money charged for a product and service or the amount of value that customers exchange to benefit from owning or using a

product or service (Kotler and Armstrong, 2008). Price is the only element in the marketing mix that generates revenue, all other elements symbolize costs. (Ali, 2009) says that Price is all forms of monetary costs sacrificed by consumers to obtain, own, utilize a number of combinations of goods and services from a product. For companies, pricing is a way to differentiate their offerings from competitors.

HYPOTHESIS

H1: It is suspected that Service Quality has a positive effect on Customer Loyalty for Mixue Products in Mataram City.

H2 : It is suspected that Price has a positive effect on Customer Loyalty on Mixue Products in Mataram City.

METHOD

The type of research used in this study is quantitative research with an associative approach, which is research that asks about the relationship between two or more variables, (Sugiyono, 2013). The relationship used in this study is a casual relationship. Casual relationship is a causal relationship, which consists of independent variables (variables that affect) and dependent (variables that are affected) according to (Sugiyono, 2013).

RESULT AND DISCUSSION

Hypothesis testing

1. Multiple Linear Regression Test

Tabel 1 Result Multiole Linear Regression Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.753	3.241		2.232	.817
	SERVICE_QUALIT	.323	.068	.396	4.774	.000
	PRICE	.339	.073	.384	4.635	.000

Based on the results of data processing in the table above, the multiple linear regression equation model can be formulated as follows:

Description: $Y = 0.753 + 0.323X_1 + 0.339X_2 + e$

Constant: 0.735

Y = Customer Loyalty

b1: 0.323

X1 = Service Quality

b2: 0.339

X2 = Price

Based on this equation can be described as follows:

- The constant value (a) is 0.735. This means that if there is no influence of the independent variables consisting of the variables Customer Loyalty, Service Quality, Price, then the amount of the dependent variable (Customer Loyalty) is 0.735.
- The regression coefficient value of the Service Quality variable (b1) is 0.323 and has a positive influence on Customer Loyalty. This means that if there is any increase in the Service Quality variable, it will increase the Customer Loyalty variable by 0.323, assuming that the other independent variables are constant.
- The regression coefficient value of the Price variable (b2) is 0.339 and has a positive influence on Customer Loyalty. This means that if there is an increase in the Price variable, the Customer Loyalty variable will increase by 0.339, assuming that the other independent variables are constant.
- From the multiple linear regression equation, it can be seen that how the influence of the independent variables (Service Quality and Price) on the dependent variable (Customer Loyalty). A positive effect indicates that changes in the independent variable are in the same direction as changes in the dependent variable.

2. Model Feasibility (F Test)

Tabel 2 Result Model Feasibility

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	331.284	1	331.284	34.011	.000 ^b
	Residual	954.556	98	9.740		
	Total	1285.840	99			

a. Dependent Variable: CUSTOMER_LOYALTY

b. Predictors: (Constant), PRICE

Based on the table above, the results of the F test show that the Fcount value is 34.011 with a significance level of 0.000 less than the standard level of significance of 0.05, using $F_{table} = df_1 (k-1) df_2 (n-k)$ or F_{table} where n is the amount of data and k is the number of independent and dependent variables so that F_{table} is obtained = $df_1 (k-1) df_2 (n-k)$.

- $Df_1 : 3 - 1 = 2$

- $Df_2 : 98 - 3 = 95$

- Testing is carried out at $\alpha = 5\%$, then the F_{table} value is 3.09

Based on the above calculations, it is known that the Fcount value is $34.011 > F_{table} 3.09$ and the significance level is smaller than the standard level of significance $0.000 > 0.05$. It can be stated that 2 variables (Service Quality and Price) have a very large and significant influence on Customer Loyalty.

3. Model Fit Test (T Test)

Tabel 3 Result Model T Test

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	.753	3.241		2.232
	SERVICE_QUALIT Y	.323	.068	.396	4.774
	PRICE	.339	.073	.384	4.635

a. Dependent Variable: CUSTOMER_LOYALTY

Based on the table above, it can be seen that:

Service Quality variables partially have a positive effect on Customer Loyalty, this can be seen from the tcount (2,232) > ttable (1,661) and significance (0.000) < 0.5, it can be stated that Customer Loyalty has a positive and significant effect on Customer Loyalty. So the hypothesis reads Customer Loyalty has a positive and significant effect on Customer Loyalty.

Price variables have a positive and significant effect partially on Customer Loyalty. This can be seen from the tcount (4.774) > ttable (1.661) and significant (0.000) < 0.5, it can be stated that Price has a positive and significant effect on Customer Loyalty. So the hypothesis reads Price has a positive and significant effect on Customer Loyalty.

4. Analysis of the Coefficient of Determination (R²)

Tabel 4 Analysisi of the Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632 ^a	.399	.386	2.82282

a. Predictors: (Constant), Price, Service Quality

The result of determination is a description of the ability of the independent variable to explain the variance of the dependent variable. In this study, the independent variables used are Service Quality (X1) and Price (X2) while the dependent variable used is Customer Loyalty. After regression analysis, the determination value is 0.399, meaning that the ability of the independent variables, namely Service Quality (X1) and Price (X2) is 0.399 or 39.9% while the remaining 60.1% is influenced by other variables not included in this study.

Discussion of Research Result

Based on the result of the research conducted on the variables in this study, several findings can be explained as follows :

Effect of Service Quality on Customer Loyalty

Based on the results of the study, it was found that Service Quality has a positive and significant effect on Customer Loyalty for Mixue Products in Mataram City. This means that the service provided by the company is good so that consumers continue to buy Mixue products. Mixue must maintain quality and

further improve service to consumers so that consumers are more comfortable and happier in buying Mixue products.

These results support Aini's (2018) research on "The Effect of Service Quality and Customer Trust on Customer Satisfaction and its Impact on Customer Loyalty in Islamic Banking" that the descriptive research results show that service quality, Customer Trust, Customer Satisfaction and Customer Loyalty at Islamic Banks in Banda Aceh City are relatively good, this indicates that all variables are perceived better by customers. Research for the third hypothesis obtained an explanation that service quality affects Customer Loyalty at Islamic Banks in Banda Aceh City.

Effect of Price on Customer Loyalty

The results of this study are in accordance with Tomida and Satrio's (2016) research on "The Effect of Price and Brand Image on Customer Loyalty for Yongki Komaladi Footwear Products" testing the hypothesis using a partial test (t test) obtained the results that Price has an influence on Customer Loyalty for Yongki Komaladi footwear products in Surabaya. Price is the value of an item that can be expressed in money. Customers tend to choose to get goods with higher quality by spending lower costs so that goods provided by producers with low prices have a higher chance of being chosen by customers.

Manufacturers who provide goods of good quality at low prices continuously can stimulate consumers to make repeat purchases. This can affect consumer loyalty to these goods. So it is perceived that Price has a relationship with consumer loyalty.

Conclusion

From the description of the previous discussion, the authors can conclude that the results of research on the effect of Service Quality and Price on Customer Loyalty on Mixue Products in Mataram City are as follows:

1. Service Quality has a positive and significant effect on Customer Loyalty. This means that if the higher the Service Quality, it will increase Customer Loyalty, otherwise if the Service Quality is lower or not in accordance with consumer expectations, the lower the Customer Loyalty.
2. Price has a positive and significant effect on Customer Loyalty, meaning that if the Price is higher, Customer Loyalty will be higher, otherwise if the Price is less in accordance with what consumers get, Customer Loyalty will be lower.

REFERENCE

- Aini, Z. (2018). Pengaruh Service Quality Dan Customer Trust Terhadap Customer Satisfaction Serta Dampaknya Pada Customer Loyalty Perbankan Syariah. Kolegial, 6(P-ISSN 2088-5644; E-ISSN 2614-008X), 11.
- Alamsyah, E. B. (2022). Analisis Pengaruh Service Quality dan Product Quality Terhadap Customer Loyalty (Studi Pada Konsumen Es Kristal Merek Elvano di Mojokerto).Yos Soedarso Economic Journal. 4(1), 39–55.
- Alma, Buchori. (2007). Manajemen Pemasaran Jasa. Bandung: CV Alfabeta.
- CNBC Indonesia. (2023). Mixue lewat! Ini dia F&B dengan gerai terbanyak di Dunia. In CNBC Indonesia. Diakses pada 14 April 2023 melalui <https://www.cnbcindonesia.com/research/20230103093131-128402302/mixue-lewat-ini-dia-fb-dengan-gerai-terbanyak-di-dunia>

- Engel, James F., Blackwell, Roger D. and Miniard, Paul W. (1995). *Consumer Behavior*, 8th ed. United States: Dryden Press.
- Hasan, Ali. (2009). *Marketing Edisi Baru*. Yogyakarta: Media Pressindo.
- IDX Channel. (2023). Berapa Jumlah Gerai Mixue di Indonesia? Franchise Es Krim yang Kini Menjamur. In IDX Channel (p. 1). Di akses pada 5 Maret 2023 melalui <https://www.idxchannel.com/milenomic/berapa-jumlah-gerai-mixue-di-indonesia-franchise-es-krim-yang-kini-menjamur>
- Jaya, U. A., Bagja, S. I., & Somantri, B. (2020). Pengaruh Price dan Product Quality Terhadap Customer Loyalty Internet Indosat Ooredoo di Sukabumi. *Cakrawala Repositori IMWI*. 3(1), 33-42.
- Kotler, & Armstrong, P. and G. (2008). *Prinsip-Prinsip Pemasaran*. In Erlangga.
- Kotler, Philip & Keller, Kevin Lane. (2009). *Manajemen Pemasaran*, Edisi 13 jilid 1. Jakarta: Erlangga
- Kotler, Philip & Keller, Kevin Lane. (2016). *Manajemen Pemasaran*, Edisi 13 Jilid 1. Jakarta: Erlangga.
- Padmapriya, T., Salameh, A. A., Wildan, M. A., & Kishore, K. H. (2022). AI Enabled-6G: Artificial intelligence (AI) for integration of 6G wireless communications. *International Journal of Communication Networks and Information Security*, 14(3), 372-379.
- Priyadi, U., Atmadji, E., Artiani, L. E., Nordin, S. M., Abdullah, M. R. T. L., Imron, M. A., ... & Omar, R. C. (2022). Sustainable Energy Economic Policy: Population, Energy Consumption, and Macroeconomic Conditions. *International Journal of Energy Economics and Policy*, 12(6), 80.
- Ryandono, M. N. H., Imron, M. A., & Wildan, M. A. (2022). World oil prices and exchange rates on Islamic banking risks. *International Journal of Energy Economics and Policy*, 12(4), 409-413.
- Sugiyono, (2013). *Cara Mudah Menyusun Skripsi, Tesis dan Disertasi*, Cet. 1. Bandung: Alfabeta
- Safrizal, H. B. A. (2023). Innovative Behavior as an Antecedent of Employee Performance. *resmilitaris*, 13(3), 904-915.
- Safrizal, H. B. A., Eliyana, A., Firdaus, M., & Rachmawati, P. D. (2020). The effect of participatory leadership on performance through psychological empowerment and trust-in-supervisors. *Systematic Reviews in Pharmacy*, 11(11), 1234-1246.
- Safrizal, H. B. A., Eliyana, A., Usman, I., & Gunarsa, F. A. (2020). The effect of transformational leadership on job satisfaction: The mediation effect of self-efficacy and work engagement. *Systematic Reviews in Pharmacy*, 11(8).
- Safrizal, H. B. A., Eliyana, A., & Gunawan, S. (2020). Spirituality in The Workplace and Employee Performance: A Literature Perspective. *International Journal of Psychosocial Rehabilitation*, 24(7), 880-884.
- Tjiptono, Fandy & Chandra, Gregorius. (2011). *Service, Quality & Satisfaction*. Edisi III. Yogyakarta: CV. Andi Offset.
- Tjiptono, Fandy. (2008). *Strategi Pemasaran Jilid III*. Yogyakarta: Andi Offset.
- Tjiptono, Fandy. (1997). *Strategi Pemasaran Edisi Kedua*. Yogyakarta: Penerbit Andi.
- Tomida, M., & Satrio, B. (2016). Pengaruh harga dan citra merek terhadap loyalitas pelanggan produk footwear yongki komaladi. *Jurnal Ilmu Dan Riset Manajemen. JIRM*, 5(7).
- Tarjo, T., Anggono, A., Yuliana, R., Prasetyono, P., Syarif, M., Wildan, M. A., & Kusufi, M. S. (2022). Corporate social responsibility, financial fraud, and firm's value in Indonesia and Malaysia. *Heliyon*, 8(12).
- Victoria, A. H., Manikanthan, S. V., Varadaraju, H. R., Wildan, M. A., & Kishore, K. H. (2022). Radar Based Activity Recognition using CNN-LSTM Network

- Architecture. *International Journal of Communication Networks and Information Security*, 14(3), 303-312.
- Wildan, M. A., Widyaningrum, M. E., Padmapriya, T., Sah, B., & Pani, N. K. (2023). Recruitment Algorithm in Edge-Cloud Servers based on Mobile Crowd-Sensing in Smart Cities. *International Journal of Interactive Mobile Technologies*, 17(16).