

The Effect of Price Perception, Service, Location on Customer Loyalty with Mediation of Customer Satisfaction on Comal Susukan Pharmacy

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Abstract. Customer loyalty is very important because it represents a strong commitment from customers to repurchase goods and services. This study aims to determine the effect of price perception, service, and location on customer loyalty with customer satisfaction as the intervening variable. There were 74 respondents who were customers of Susukan Comal dispensary. The study used a questionnaire with Structural Equation Modeling (SEM) data analysis with the help of SmartPLS software. The results of the analysis conclude that price perception, service, location have a positive and significant effect on customer loyalty and customer satisfaction. As well as customer satisfaction can mediate the influence of price perception, service, and location have a positive and significant effect on customer loyalty.

Keywords: Customer Loyalty, Customer Satisfaction, Location Perception, Price Perception, Service.

1. Introduction

Customer loyalty is very important because it represents a strong commitment from customers to repurchase goods and services. Customers who are loyal to a product or service and are happy with it will do so repeatedly and will not look for other goods or services. Customer loyalty, is exemplified by how often customers buy back goods or services from the same provider. One way to define loyalty is through patronage of certain goods and services [1]. Loyal customers will continue to use their subscriptions from time to time and voluntarily refer others to their goods and services [1]. High loyalty from customers will continue to use the same goods or service providers.

Loyal consumers are certainly consumers who have loyalty to use services/products that they think are good. What can be shown from loyalty is to feel satisfaction with the services/products that have been consumed. So that apart from brand image and quality of goods, which are factors for forming loyalty from consumers, namely satisfaction with the product [2].

Customer loyalty at Susukan Comal Pharmacy has not been maximized. Judging from the consumers who bought products at the Susukan Comal Pharmacy for the last 6 months, the amount of customer data that bought between May – October 2022 can be seen in the table below:

Table 1. Data on the number of consumers of the Comal Susukan Pharmacy during May – October 2022

Month	Number of Consumers
May	500
June	520
July	480
August	477
September	468
October	450
Average	483

Source: Comal Susukan Pharmacy

The data presented in table 1. shows that for one month on average there are 483 customers who buy drugs at the Susukan Comal pharmacy in 2022 with the highest customer data in June and the lowest in October. This shows a decrease in customer loyalty who visited the Susukan Comal pharmacy.

In terms of price, compared to other pharmacies, they also have cheaper prices. With the aim that customers feel satisfaction and can form customer loyalty to continuously purchase drugs at the Susukan Comal pharmacy. Kotler [3] provides an explanation that there is a strong relationship between customer satisfaction, service quality, and the profitability of the company. The higher the level of service quality, the higher the satisfaction from consumers and also supports for higher prices and lower costs. Thus, the Susukan Comal pharmacy is aware of this and strives to fulfill all the expectations and expectations of its customers.

Previous studies on the effect of price on customer loyalty [4], [5] found that price has a positive effect on customer loyalty. Different from [6], [7] who argue that price has no effect on customer loyalty.

Previous research by Wendha [8] has conducted a study on Service Quality on Customer Satisfaction and Loyalty, and their findings have a positive effect. In contrast to the findings of a study conducted which revealed poor service did not support customer loyalty [9].

Past studies on the effect of location on customer loyalty from Kurniawan [10], [11] found that location has a positive influence on consumer or customer loyalty. In contrast to the study by Hidayanti, [12], which resulted in location having no negative effect/effect on customer loyalty.

Based on the explanation from this background and there is also a research gap from previous studies, and from the side of the author has an interest in conducting research with the title: “The Effect of Price Perception, Service, Location on Customer Loyalty with Customer Satisfaction as Intervening Variables”. The issues discussed in this study are formulated below:

- 1) Is there a positive effect of price perception on customer loyalty at Susukan Comal Pharmacy?
- 2) Is there a positive effect of service on customer loyalty at Susukan Comal Pharmacy?
- 3) Is there a positive effect of location on customer loyalty at Susukan Comal Pharmacy?
- 4) Is there a positive effect of perceived price on customer satisfaction at Susukan Comal Pharmacy?
- 5) Is there a positive effect of service on customer satisfaction at Susukan Comal Pharmacy?
- 6) Is there a positive effect of location on customer satisfaction at Susukan Comal Pharmacy?

- 7) Is there a positive effect of customer satisfaction on customer loyalty at Susukan Comal Pharmacy?
- 8) Is there a positive effect of price perception on customer loyalty mediated by customer satisfaction at Susukan Comal Pharmacy?
- 9) Is there a positive effect of service on customer loyalty mediated by customer satisfaction at Susukan Comal Pharmacy?
- 10) Is there a positive effect of location on loyalty mediated by customer satisfaction at Susukan Comal Pharmacy?

2. Literature Review

2.1 Customer Loyalty

Customer loyalty is a behavioral tendency to buy again, and it takes time for consumers to make the consumer loyal to the company's services or products through repeated purchase orders [13]. The author uses indicators for his research, namely making purchases continuously, as well as providing recommendations to other individuals.

2.2 Customer Satisfaction

Customers are expected to be formed when a company is able to fulfill their demands satisfactorily and can provide according to their expectations. Consumer satisfaction is formed from psychological responses through a process of comparing the gap between what was previously expected and what is felt after consuming an item [14]. The author uses indicators, namely repeated purchases and fulfillment of customer expectations.

2.3 Price Perception

Regarding the price of an item or service is the total money charged for it, or the amount of value exchanged by consumers related to the benefits of using or owning the item [15]. Price is a framework of consumer sacrifices related to certain goods or services [16]. Price is what buyers should pay to purchase services or goods, which often use monetary values [16]. The author uses indicators, namely price affordability, and suitability of prices with product quality.

2.4 Service

Customer service is an activity that focuses on consumers and consists of tangible components such as size, weight, color, and other attributes that may be perceived repeatedly [17]. Providing good customer service is very important to achieve waiter expectations and client requests [18]. The author uses indicators namely reliability and responsiveness.

2.5 Location

Location refers to various business operations to make this product production or market accessible and inexpensive to the main target market [19]. Location is each intermediary as a marketer who then brings ownership and product closer to the customer [20]. The indicators used in this study are access and parking.

The following is an overview of the frame of mind

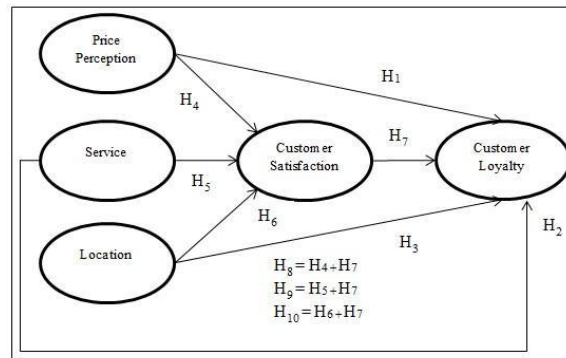


Figure 1. Thinking Framework

3. Method

This research is a survey research because to get data using questionnaires distributed to respondents. While the design of this research is quantitative research. Data analysis is quantitative/statistical in nature with the aim of testing the established hypotheses. The location of this research is the Susukan Pharmacy with the address in Bulu Village, Petarukan District, Pemalang Regency. The subjects in this study were consumers who were or had visited the Comal Susukan Pharmacy more than once. The population in this study were Susukan Comal dispensary customers who came more than once, a known number of 280 customers. The sample used was 74 customers, using the Slovin formula calculation. Determination of the sample using purposive sampling technique.

The data that has been collected is then analyzed using Structural Equation Modeling (SEM) with the help of SmartPLS statistical software. Following are some of the data processing used in this study: instrument test (validity test and reliability test). After the instrument test was carried out, then the hypothesis test was carried out with SmartPLS. Then do the mediation test with the sobel test

4. Result & Discussion

All of the hypotheses in this investigation had a favorable and significant impact. According to the analysis's findings, location, service, and pricing perception all have a positive and significant impact on consumer satisfaction and loyalty. Service and location have a favorable and considerable impact on customer loyalty in addition to mediating the impact of pricing perception. This study backs up studies from [21], [22]. assert that consumer loyalty is positively impacted by pricing perception. argues that customer loyalty is positively and significantly influenced by service [21]. claims that when choosing a strategic location, it can increase customer numbers and has a favorable impact on customer loyalty [22]. Consumer satisfaction is positively impacted by price perception. Customer satisfaction may decline if the price is perceived as being excessive given the benefits gained [23][24]. Customer satisfaction is impacted by service quality [25]. The impact of service quality, pricing perception, and location on customer satisfaction was examined in a study by Haromain. According to this study's findings, location significantly affects customer satisfaction [23].

Customer loyalty is significantly and positively influenced by customer satisfaction [26]. Consumer satisfaction acts as a mediator between price perception and consumer loyalty, which has a favorable and considerable impact [21]. Customer satisfaction significantly and favorably moderates the impact of service quality on client loyalty [27]. Additionally, the place of loyalty, which is mediated through customer pleasure.

5. Conclusion

According to the analysis's findings, location, service, and pricing perception all have a positive and significant impact on a customer's loyalty and satisfaction. Service and location have a favorable and considerable impact on customer loyalty, in addition to the ability of customer pleasure to mitigate the influence of price perception. Susukan Comal Pharmacy can compete with other pharmacies and keep customers loyal by combining price perception, service, and a good location. This study validates a number of earlier studies that found that customer satisfaction is influenced by service [21]. Customer loyalty is impacted by customer satisfaction [26]. According to this research, consumer loyalty is positively and significantly influenced by price perception [4], [29], and [5]. Consumer loyalty is positively and significantly impacted by service [8]. Customer loyalty is positively impacted by location [10][11].

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