

## **ANALYSIS OF THE EFFECT OF SERVICE QUALITY AND PRICE ON LOYALTY THROUGH CUSTOMER SATISFACTION IN PADANG RESTAURANT IN MAKASSAR**

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### **Abstract**

This study aims to analyze the effect of service quality and price on customer loyalty through customer satisfaction with Padang restaurants in the city of Makassar. This study takes data directly from the number of customers who eat at several Padang restaurants, especially in the city of Makassar by taking 100 customers from 3 different restaurants as samples in this study. To implement the objectives of this study used analysis techniques using path analysis. The results of the analysis prove that service quality (X1) on customer loyalty (Z) through customer loyalty (Y) has a positive and significant effect. The effect of price (X2) on customer loyalty (Z) through customer loyalty (Y) has a positive and significant effect, but the effect of service quality (X1) on customer satisfaction (Z) has a negative and insignificant effect.

Keywords: service quality, price, customer satisfaction, customer loyalty

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### **INTRODUCTION**

In the current business era, competition in the business world is getting tighter. This increasingly fierce competition requires business people to be able to maximize their performance in order to compete in the global market. Manufacturers must strive to study and understand their market needs and wants. By understanding the needs, wants and demands of the market, it will provide important input for business people to design marketing strategies in order to create satisfaction for their customers.

One of the areas of business that is currently popular with business people is the restaurant business, so the competition in this restaurant business is getting tougher. This is marked by the number of new and long-standing businesses that come with their respective strengths and strengths. The increase in the establishment of restaurants in various places reflects the result of market demands and needs which are also increasing. At this time restaurants have become an inseparable part of people's lives, as a result the existence of restaurants nowadays has become a necessity. This is often associated with higher community mobility and dense daily work activities that result in more and more people spend their time outside the home which results in people looking for something practical to meet their daily needs.

Of the many restaurant choices that exist, many things are taken into account by customers to arrive at a decision to choose a particular restaurant. The restaurant management tries to meet all the criteria that are taken into consideration by consumers, both service quality and affordable prices so as to provide satisfaction for consumers. If this is ignored, there will be a gap between the desires and expectations of consumers on service quality and the prices set by the restaurant, therefore the success of the restaurant in satisfying its consumers depends on

good service quality and affordable prices that are given to it. meet the wants and needs of customers, those are the goals of every restaurant.

There are many ways that restaurants can achieve to increase customer satisfaction, for example by paying attention to the price factor. In general, consumers tend to choose companies that offer their products at relatively cheap prices. Price is an important consideration for customers to buy products at a company.

Apart from relatively cheap prices, product quality also greatly affects the success and progress of a business venture. Companies that produce high-quality products will be more profitable than producing low-quality products. This means that consumers will be willing to buy an item at a price that is reasonable / relatively affordable, with good quality goods.

In addition to important factors for the survival of the company, satisfying consumer needs can increase excellence in competition. Consumers who are satisfied with products and services tend to buy back products and reuse services when the same needs reappear at a later date. This means that satisfaction is a key factor for consumers in making repeat purchases, which is the largest portion of the company's sales volume.

So it can be concluded that loyalty in general can be defined as one's loyalty to a product, both certain goods and services. In addition, customers who have a high commitment to their loyalty will not be affected by forms of marketing of products or services provided by other companies and will continue to choose the products and services they previously chose. Customer loyalty will be the key to success, not only in the short term, but a sustainable competitive advantage.

The following is the data attached to the number of visitors to Padang restaurants in Makassar City for the last 6 months, some of these restaurants include the Padang Sederhana Restaurant which is located on Jl. Perintis Kemerdekaan Km 9 no 9, Padang 17 Provincial Restaurant, which is located on Jl. Kakaktua, Padang Takana Juo Restaurant, located on Jalan Faisal Raya, the Ambassador shophouse.

**Table 1.** Sederhana Restaurant visitor data for the last 6 months of the 2019-2020 period

Month	Visitors
September	300
October	285
November	310
December	245
January	230
February	280

**Table 2.** 17 Propinsi Restaurant visitor data for the last 6 months of the 2019-2020 period

Month	Visitors
September	210
October	190
November	215
December	180
January	165
February	220

**Table 3.** Takana Juo Restaurant visitor data for the last 6 months of the 2019-2020 period

<b>Month</b>	<b>Visitors</b>
September	200
October	185
Novemnber	230
December	150
January	180
February	210

From the data above, it can be seen that people, especially in the city of Makassar, like Padang's specialties, this can be seen from the data above which shows that the number of customers who come to visit the three restaurants above is quite significant every month.

To meet customer satisfaction, Padang restaurants always pay attention to marketing mix factors such as product quality, price, and quality of service offered in order to be of high quality. Realizing the role of users and the influence of customer satisfaction, Padang restaurants are trying to find ways that can create user satisfaction. Therefore, Padang restaurants are required to continuously pay attention to their performance through product quality, price and service quality in order to provide satisfaction to customers.

This is also considered important by Padang restaurants, so it needs to be re-evaluated on how much it affects customers and as a basis for achieving business progress. Therefore, the researcher tries to find the influence of service quality, price and customer loyalty through customer satisfaction at Padang restaurants in Makassar city. Producers must understand the needs and desires of customers in terms of service so that consumers are satisfied and make repeat purchases so as to increase company profits. So that the author wants to examine how the influence of Service Quality and Price on Loyalty through Customer Satisfaction at Padang Restaurant in the city of Makassar.

## **LITERATURE REVIEW**

### **Service quality**

Modernity with advances in technology will result in very fierce competition to acquire and retain customers. Service quality is a necessity that companies must do in order to survive and keep customers' trust. Consumption patterns and customer lifestyles require companies to be able to provide quality services.

The success of the company in providing quality services can be determined by the service quality approach developed by Parasuraman et al. (2006). Service Quality is the difference between the expectations and the reality of the customers for the services they receive. Service Quality can be identified by comparing customer perceptions of the service they actually receive with the actual service they expect. Service quality is the main thing that companies pay serious attention to, which involves all resources owned by the company. The definition of service quality is centered on meeting customer needs and desires and the accuracy of delivery to match customer expectations (Munir, 2008).

### **Price**

An important factor in keeping customers satisfied is to deliver your product or service on a regular basis at a price they are willing to pay. Pricing is a fairly complex and difficult stipulation for the company. The company must be able to set the most appropriate price in terms of providing the best profit. Companies that set the wrong price, will cause difficulties or consumer dissatisfaction, and can even cause failure for the company. price is the value of a good or service as measured by the amount of money spent by the buyer to get a combination of goods or services and services. According to Stanton (1998), there are four indicators

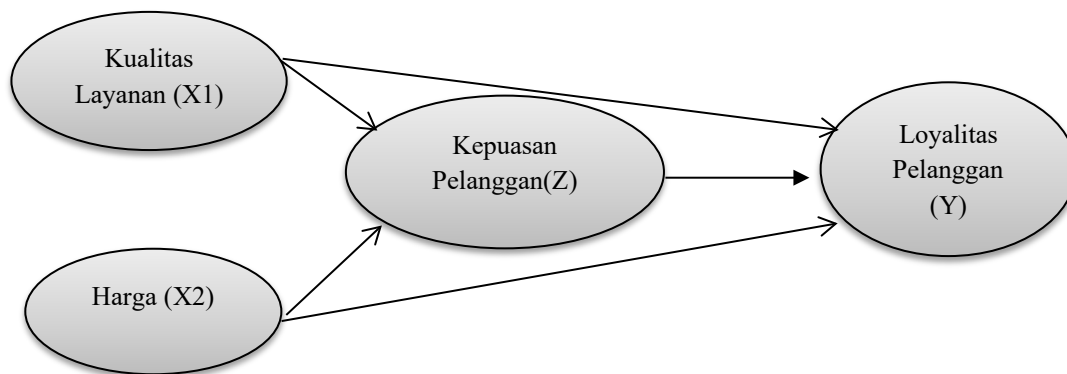
that characterize prices, namely, price affordability, price compatibility with product quality, price competitiveness, price compatibility with benefits.

### Customer Satisfaction

Customer satisfaction is one thing that has an important role in business. Customer satisfaction is a major milestone in the success of a company. Therefore, in an effort to fulfill customer satisfaction, companies must be observant in knowing the shifting needs and desires of consumers which change from time to time. If producers can produce products and services in accordance with what consumers want and need, consumers will be satisfied. Every consumer has a different level of satisfaction. According to Philip Kotler (Sunyoto, 2013), consumers can experience one of three levels of general satisfaction, namely if the performance is below expectations, the customer will feel disappointed but the performance is in accordance with consumer expectations will be satisfied and if the performance can exceed expectations, the consumer will feel very satisfied. happy or excited. Based on the understanding of the experts, it can be concluded that customer satisfaction is the assessment of each consumer by comparing the existing conditions with the expected conditions.

### Customer Loyalty

Customer loyalty is defined as a deeply held commitment to buy or support a product or service that Kotler and Keller (2009) like. Customer loyalty is the consistency of periodic and continuous re-purchases over a long period of time due to consumer interest in a product or brand of Ishak and Luthfi (2011). According to Subagio et al (2012) customers who are loyal to a product or brand will also have the willingness to recommend it to others. Based on some of the definitions of consumer loyalty above, it can be concluded that consumer loyalty is customer loyalty that is presented in a consistent purchase of a product or service at all times and there is a good attitude to recommend other people to buy the product. The true indication of loyalty requires a measure of attitude combined with a measurement of behavior.



**Figure 1.** Based on the framework and research paradigm on the previous page, the researcher formulates the following hypothesis:

### Effect of Service Quality on Customer Loyalty

Quality service plays an important role in shaping customer satisfaction, but it is also closely related to creating profits and profits for the company. The more quality services provided by the company, the higher the satisfaction felt by customers. In a research journal conducted by Andy Yoga Winata (2017). (Analysis of the Influence of Price, Quality and Customer Satisfaction on Customer Loyalty in Clean and Bar Paragon Solo) The hypothesis which states that service quality has a positive effect on customer loyalty is proven true as evidenced by the results of this study with sig value. 0.025 is smaller than 0.05, which means that the service quality variable has a significant positive effect on customer loyalty. **H1: Service Quality has a positive and significant effect on Customer Loyalty**

### **The Effect of Service Quality on Customer Satisfaction**

In a journal written by Felita Sasongko and Dr. Hartono Subagio, S.E., M.M. (2013) entitled *The Effect of Service Quality on Customer Satisfaction of Penyet Ria Chicken Restaurant*, they state that there are 5 dimensions in the quality of Service Quality (X), namely: The results of their research state that the independent variables Tangible (X1), Reliability (X2), Responsiveness (X3), Assurance (X4) and Empathy (X5) each produce a significance value t count smaller than 0.05 ( $\alpha = 5\%$ ) i.e. 0.011 for X1, 0.028 for X2, 0.000 for X3, 0.005 for X4 and 0.012 for X5. From these results it can be concluded that partially each of these variables, namely Tangible (X1), Reliability (X2), Responsiveness (X3), Assurance (X4) and Empathy (X5) have a significant effect on Customer Satisfaction at the Chicken Restaurant. Penyet Ria, or in other words, if the respective performance of Tangible (X1), Reliability (X2), Responsiveness (X3), Assurance (X4) and Empathy (X5) is getting better, then Customer Satisfaction at Ayam Penyet Ria Restaurant will experience real improvement. **H2: Service Quality has a Positive and Significant Effect on Customer Satisfaction**

### **The Influence of Price on Customer Loyalty**

In a journal written by M. Istifau Maulana, Sri Suryoko, Bulan Prabawani, (2016) entitled *The Effect of Service Quality and Price on Customer Loyalty through Customer Satisfaction as an Intervening Variable*. The results of his research state that price (X2) has a positive and significant effect on customer loyalty (Y). This is evidenced by the regression coefficient value of 0.603. The correlation test result of 0.725 means that the relationship between the two is strong. The coefficient of determination is 52.6%, which means that the contribution of price influence in explaining customer loyalty is 52.6%. The result of simple regression test produces t count of (10.419) > t table (1.6606), so that the sixth hypothesis which reads "It is suspected that there is a positive influence between price and customer loyalty" is accepted. **H3: Price has a positive and significant effect on Customer Loyalty**

### **The Effect of Price on Customer Satisfaction**

The results of research conducted by Ghalih Galang Tangguh, W Edriana Pangestuti, Inggang Perwangsa Nuralam (2018) entitled *The influence of brand image, service quality, and price on go-ride customer satisfaction (Survey on Students of the Faculty of Administrative Sciences Universitas Brawijaya, Class 2016/2017 and 2017/2018)*. Based on the research that has been done, the results show that the price has a significance t of 0.025 which is less than the specified significance level of 0.05 with an influence coefficient of 0.129. So it can be concluded that H3 is accepted and H0 is rejected, which means that Price (X2) has a significant effect on Customer Satisfaction (Y) 12.9%. Based on the results of the analysis, it is known that from the three indicators of the price variable, the indicator of the suitability of price and quality has the highest average indicator of 3.95. This explains that customers feel that the amount of money they spend is in accordance with the guarantee of the good quality of service obtained from the Go-Ride service. **H4: Price has a positive and significant effect on customer satisfaction.**

### **The Effect of Customer Satisfaction on Customer Loyalty**

Customer satisfaction is important in building loyalty because the basis of loyalty lies in customer satisfaction, where service quality is the main input. Highly satisfied customers and even those who enjoy service tend to become loyal supporters of the company, bundling all their purchases with one service provider and spreading positive news. Conversely, customer dissatisfaction will keep customers from being loyal to the company. In a study entitled *The effect of customer satisfaction, switching costs and brand trust on customer loyalty (Survey on Simpati Cellular Operator Card Users for Students of the Department*

of Business Administration 2015/2016 and 2016/2017 Faculty of Administrative Sciences Universitas Brawijaya) Nadia Agustina Achmad Fauzi DH Inggang Perwangsa Nuralam, (2018), saw the results of his research that the Customer Satisfaction Variable (X1) on Customer Loyalty (Y) Based on the Multiple Linear Regression Analysis Test that has been carried out, the results show that the Customer Satisfaction variable (X1) has a significant and positive effect on Customer Loyalty (Y) with a regression coefficient of 0.331. This means that if the Customer Satisfaction variable (X1) increases, it can also increase the Customer Loyalty variable (Y). The results of the partial test (t test) with a significance level of 5% or equivalent to 0.05 indicate a significant value of  $t(0.000) < 0.05$  with a tcount of 4.124.

**H5: Customer satisfaction has a positive and significant effect on Customer Loyalty.**

### **The Effect of Service Quality on Customer Loyalty through Customer Satisfaction**

The influence of Service Quality on Customer Loyalty is closely related, but of course it cannot be separated from the role of the customer satisfaction factor which is thought to also affect Customer Loyalty. The results of research conducted by Aris Irnandha (2016) entitled The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction of Land Delivery Services (Case Study of Customer Satisfaction at JNE Hijrah Sagan Yogyakarta Branch) can be seen that: (1) service quality has a positive effect on customer loyalty. This is evidenced by the t value of 7.040 with a significance level of  $0.000 < 0.05$ ; and a regression coefficient of 0.409; (2) service quality has a positive effect on customer satisfaction. This is evidenced by the t value of 5,001 with a significance level of  $0,000 < 0.05$ ; and a regression coefficient of 0.479; (3) customer satisfaction has a positive effect on customer loyalty. This is evidenced by the t value of 5.873 with a significance level of  $0.000 < 0.05$ ; and a regression coefficient of 0.282; and (4) service quality has no effect on customer loyalty mediated by customer satisfaction at JNE Hijrah Sagan Yogyakarta branch. This is evidenced by the mediation coefficient of 0.0887 which is smaller than the direct effect value of 0.409. **H6: The Effect of Service Quality on Customer Loyalty through Customer Satisfaction has a positive and significant effect**

### **The Influence of Price on Customer Loyalty through Customer Satisfaction**

The effect of Price on Customer Loyalty is thought to have a positive and significant effect and is thought to be closely related through the Customer Satisfaction variable. As a reference, see the journal compiled by Chandra Eddy Thungasal and Dr. Ir. Hotlan Siagian, M.Sc. (2019) entitled The Effect of Service Quality and Prices on Customer Loyalty through Customer Satisfaction at Kasuari Hotels, it can be seen that based on the results of hypothesis testing it was found that Service Quality has an influence on Customer Loyalty through Customer Satisfaction, this can be seen from the T statistical value of 7,582. which means greater than 1.96. This means that customer loyalty at Kasuari Hotel can be improved by high service quality through customer satisfaction. This is in accordance with the statement (Van Looy, Gemmel, and Van Dierdonck, 2003) that the level of customer satisfaction is determined by the comparison between the expected service quality and the quality of service received. And supported by (Tjiptono, 2008) that customer satisfaction will then contribute to the creation of customer loyalty. **H7: The Effect of Price on Customer Loyalty through Customer Satisfaction has a positive and significant effect**

## **RESEARCH METHOD**

This research uses quantitative research methods. The data to be studied are in the form of definite numbers, so that the data can be analyzed using a statistical approach. This research is a field research, because data collection is carried out directly from customers of Padang restaurants in Makassar city by distributing questionnaires which will then be processed and

presented in the form of research. The research was conducted in 3 Padang restaurants in the city of Makassar. As the object of this research are the Padang restaurant customers who have been in the simple Padang restaurant, the Padang Takana juo restaurant, the Padang 17 restaurant, Makassar City Province. The dependent variable in this study is customer loyalty, the independent variable is service quality and price, and for the intervening variable is customer satisfaction.

The type of data used in this research is quantitative data. Where quantitative data is in the form of reports in the form of numbers such as respondent data in the form of gender, age, income and others. Sources of data used in this study are primary and secondary data. Primary data is data obtained from direct observation from companies such as questionnaires and interviews. Secondary data is data that is obtained indirectly, such as information obtained through the internet and books, jural related to this research.

In this study, using a questionnaire as a research instrument in which there are questions or statements that will be answered by the respondent. This study uses a Likert scale as a measurement scale. With a Likert scale, the variables to be measured are translated into variable indicators. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire (Ghozali, 2016). A questionnaire is declared valid if the corrected item correlation value is  $> 0.3$ . An instrument that measures data or the resulting data can be called reliable or reliable if the instrument consistently produces the same results (Ferdinand, 2014). To measure the reliability level of an instrument using Cronbach's Alpha value. A variable is said to be reliable if it provides  $\alpha > 0.60$  (Ghozali, 2016).

### Path analysis

According to Sunyoto in Rindi (2019) is an extension of multiple linear regression which is used to analyze the relationship between variables with the aim of knowing the direct or indirect effect of a set of independent variables on the dependent variable. Here are the equations in path analysis using the formula:

$$Z = \rho_{zx\_1}X1 + \rho_{zx\_2}X2 + \varepsilon\_1$$
$$Y = \rho_{yx\_1} X1 + \rho_{yx\_2} X2 + \rho_{yz}Z + \varepsilon\_2$$

Information :

- Y = Customer Loyalty
- Z = customer satisfaction
- X1 = Quality of Service
- X2 = Price
- e = Standard error.

### Hypothesis test

Hypothesis testing of regression and correlation is used with the following analysis:

#### T test

This test is to determine whether the effect of each independent variable on the dependent variable is significant or not. Tests are carried out using a probability approach, namely the significant value  $< 0.05$ , finding a significant effect between the independent variable and the dependent variable, and if the sig value  $> 0.05$

provide insignificant influence between the independent variable and the dependent variable.

#### F test

This test is used to determine whether all the independent variables together have an influence on the dependent variable. Testing is done by comparing the value of Fcount with Ftable at a degree of error of 5% ( $\alpha = 0.05$ ). If the value of Fcount  $>$  than the value of Ftable, it

means that the independent variables simultaneously have a significant effect on the dependent variable.

**The coefficient of determination (adjusted R2).**

The R2 test is a test conducted on the model that was formed with the aim of explaining how much the contribution of the independent variable under study to the dependent variable. The value of R2 has a range between 0 and 1 ( $0 \leq R2 \leq 1$ ). The greater the R2 value, the better the regression model used. Meanwhile, the smaller the value of R2 means that the independent variables used for the dependent variable are getting smaller

**EMPIRICAL RESULT**

**Statistical test (F)**

This test is used to determine whether all the independent variables together have an influence on the dependent variable. Testing is done by comparing the value of Fcount with Ftable at a 5% degree of error ( $\alpha = 0.05$ ). If the value of Fcount > than the value of Ftable, it means that the independent variables simultaneously have a significant effect on the dependent variable.

**Tabel 4. Struktur 1**

Anova<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	225.849	2	112.925	77.259	0.000 <sup>b</sup>
	Residual	143.240	98	1.462		
	Total	369.089	100			

a. Dependent Variable: Z

Predictors: (Constant), X2, X1

Based on the results of the Anova I test model above, the F value of 77.259 is greater than the F table value of 3.09 and a significant value of 0.000 < 0.05 means that the variable service quality (X1), price (X2) has a positive and significant effect on satisfaction. customer (Z).

**Tabel 5. Struktur II**

Anova<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	250.542	3	83.514	51.878	.000 <sup>b</sup>
	Residual	156.151	97	1.610		
	Total	406.693	100			

a. Dependent Variable: Z

b. Predictors: (Constant), Y, X2, X1

Based on the results of the Anova model II test, it is known that the significant value for the F test is 51,878 > 3.09 and the significant value is 0,000. Because the value of Fcount > Ftable means that the service quality variable (X1), price (X2) and customer satisfaction (Z) have a positive and significant effect on Customer Loyalty (Y).

**Statistical test (T)**

Partial test (t-test) aims to determine the effect of each variable on the dependent variable. The t test can be determined from the comparison between the probability value with a significant value comparison of 0.05. If the probability value is less than the standard value is significant, then the variable has a significant effect.

**Table 6. Substruktural 1**  
 Coefficient<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.370	2.474		-.554	.581
	X1	.081	.030	.240	2.746	.007
	X2	.488	.075	.570	6.526	.000

a. Dependent Variable: Z

Based on the observations of model 1, it shows a significant value for the service quality variable (X1) on customer satisfaction (Z) of  $0.007 < 0.05$ , meaning that this variable has a partially significant effect. For the price variable (X2) on customer satisfaction (Z) The significant value obtained is  $0.000 < 0.05$ . This means that partially the price has a significant effect on customer satisfaction (Z).

**Table 7. Substruktural II**  
 Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.878	2.397		2.035	.045
	X1	-.042	.030	-.116	-1.402	.164
	X2	.246	.087	.271	2.829	.006
	Z	.686	.098	.648	6.981	.000

The regression model equation 2 above shows the significant value of the independent variable service quality (X1) on customer loyalty (Y) of  $0.164 > 0.05$ , which means that it does not have a partially significant effect. The price variable (X2) has a partially significant effect on customer loyalty (Z) with a significant value obtained of  $0.006 < 0.05$ . Furthermore, the customer satisfaction variable (Z) has a partially significant effect on customer loyalty (Y) with a significant value of  $0.000 < 0.05$ .

### Path analysis

#### Direct Effect Analysis

Based on the results of research data analysis that has been carried out, then testing the effect of service quality and price will be carried out on customer loyalty Padang restaurants in

the city of Makassar through customer satisfaction. Where in testing the hypothesis, in this study the method used is path analysis.

In the path analysis, it is processed using the SPSS release 25 program. This aims to test whether customer satisfaction can mediate the effect of service quality and price on loyalty, especially in some Padang restaurants in Makassar City.

Previously, the regression coefficient that was processed using SPSS 25 will be presented which can be seen in the following table:

**Table 8.** Koefisien Jalur Model 1  
 Regresi model 1

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.370	2.474		-.554	.581
	X1	.081	.030	.240	2.746	.007
	X2	.488	.075	.570	6.526	.000

a. Dependent Variable: Z

Source: SPSS 25 output

Based on the table of regression efficiency model 1 above, it is known that the significant value of variable X1 is 0.007 and variable X2 is 0.000. These results state that service quality and price have a significant effect on customer satisfaction (Z) because the significant value of the two variables is less than 0.05. For the value of  $e_1$  is the value of other variables outside the research variables that have an influence on customer satisfaction (Z). The value of  $e$  can be found by  $\epsilon_1 = \sqrt{1 - R^2} = \sqrt{1 - 0.555} = 0.667$

Model I Equations:

$$Z = \rho X1 + \rho X2 + \epsilon_1$$

$$Z = 0.240 X1 + 0.570 X2 + 0.667 \epsilon_1$$

Information:

Z = customer satisfaction

Y = Customer Loyalty

X1 = Quality of Service

X2 = Price

**Tabel 9.** Koefisien Jalur Model 2  
 Regresi model II

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.878	2.397		2.035	.045
	X1	-.042	.030	-.116	-1.402	.164
	X2	.246	.087	.271	2.829	.006
	Z	.686	.098	.648	6.981	.000

Source : output SPSS 25

Based on the regression coefficient table model II above, it is known that the significant value of the variable  $X1 = 0.164$ , variable  $X2 = 0.006$ . And the variable  $Z = 0.000$ . These results state that quality ( $X1$ ) is not significant towards customer loyalty ( $Y$ ), then price ( $X2$ ) and customer satisfaction ( $Z$ ) have a significant effect on customer loyalty ( $Y$ ) because the significant value of the two variables is smaller than 0.05. The value of  $e2$  is determined by means of  $\varepsilon_2 = \sqrt{(1 - R^2)} = \sqrt{(1 - 0.631)} = 0.607$

Equation II:

$$Y = \rho X1 + \rho X2 + \rho Y + \varepsilon 2$$

$$Y = -0.116 X1 + 0.271 X2 + 0.648 Y + 0.607 \varepsilon 2$$

Information :

$Z$  = customer satisfaction

$Y$  = Customer Loyalty

$X1$  = Quality of Service

$X2$  = Price

Based on the data above, it can be seen that the coefficient value of each variable used in the study of equation model 1 model II:

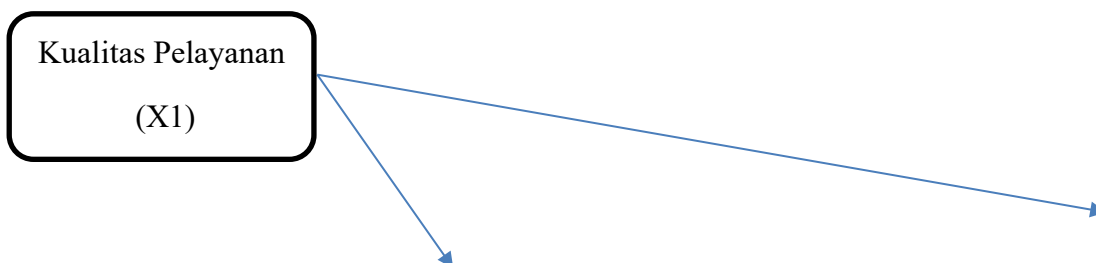
$$Z = 0.240 X1 + 0.570 X2 + 0.667 \varepsilon 1$$

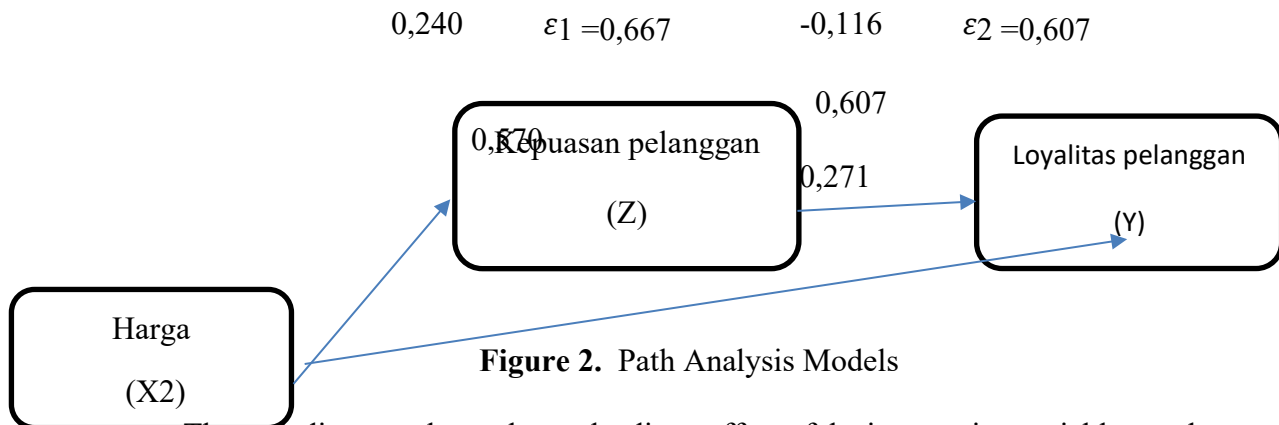
$$Y = -0.116 X1 + 0.271 X2 + 0.648 Y + 0.607 \varepsilon 2$$

From the above equation, it can be seen that the direct influence of the variables  $X1$ ,  $X2$ ,  $Y$  and  $Z$ .

The above equation can be seen as a direct influence of the variables  $X1$ ,  $X2$ ,  $Y$  and  $Z$ .

1. The direct effect between the variable  $X1$  on  $Z$  has a coefficient value of 0.240% with a significant value of  $0.007 < 0.05$ . This means that  $X1$  has a positive and significant effect on  $Z$ . The coefficient value of 0.240% indicates that if the  $X1$  variable increases by 1%, it can increase the  $Z$  variable by 0.240% or vice versa with the assumption that other variables are fixed. Changes in the two conditions for the variable  $X1$  significantly affect the variable  $Z$
2. The value of the coefficient  $X2$  against  $Z$  shows a value of 0.570% and a significant value of  $0.000 < 0.05$ . This shows that if the  $X2$  variable has increased by 1%, it will increase the  $Z$  variable by 0.570% or vice versa with the assumption of a fixed variable.
3. Variable  $X1$  on  $Y$  shows that there is no effect of variable  $X1$  on  $Y$  with a value of  $-0.116\%$  and a significant value of  $0.164 > 0.05$ . This shows that if the  $X1$  variable has an increase of 1%, it will decrease the  $Y$  value by 0.14% or vice versa, assuming other variables are fixed.
4. The variable  $X2$  shows a coefficient value of 0.271% and a significant value of  $0.006 < 0.5$  to  $Y$ . This shows that  $X2$  and  $Y$  have a positive and significant effect. The coefficient value means that if  $X2$  has increased, then  $Y$  will also increase with the assumption that other variables are constant.
5. The above equation shows that  $Z$  has a positive and significant effect on  $Y$  with a coefficient value of 0.60 and a significant value of  $0.000 < 0.05$ . The significant value shows that if  $Y$  has increased by 1%, then  $Z$  will also increase with the assumption that other variables are constant. The following are the path equations obtained from the equations of models I and II, namely:





**Figure 2.** Path Analysis Models

The path diagram above shows the direct effect of the intervening variables on the trend variables. In addition to the direct effect in this study, there are also indirect and total effects. To calculate the indirect effect, the following formula is used:

a. The influence of service quality variables on customer loyalty through customer satisfaction  
 $X \rightarrow Z \rightarrow Y = (0.240 \times 0.607) = 0.145$

b. The effect of price variables on customer satisfaction through customer loyalty  
 $X2 \rightarrow Z \rightarrow Y = (0.570 \times 0.607) = 0.345$

To calculate the total effect, the following formula is used:

a. The influence of service quality variables on customer loyalty through customer satisfaction  
 $X \rightarrow Z \rightarrow Y = (0.240 + 0.607) = 0.385$

b. The effect of price variables on customer satisfaction through customer loyalty  
 $X2 \rightarrow Z \rightarrow Y = (0.570) + (0.345) = 0.915$

c. The influence of service quality variables on customer loyalty  
 $X 1 \rightarrow Y = -0,116$

d. The effect of the price variable on customer loyalty  $X2 \rightarrow Z = 0.570$

e. the influence of customer satisfaction variables on customer loyalty  $Z \rightarrow Y = 0.607$

**Table 10.** Path Analysis Calculations

Direct Effect			
Variables correlation	Standarized Co-efficient Beta		
X1 → Z	0.240		
X2 → Z	0.570		
X 1 → Y	-0,116		
X2 → Y	0.271		
Z → Y	0.607		
Indirect Effect			
Variables correlation	Direct Value	Indirect effect	Total Effect
X 1 → Z → Y	0.240	<b>0,145</b>	<b>0.385</b>
X2 → Z → Y	0.570	<b>0,345</b>	<b>0.915</b>

Based on the table above illustrates that the variable

that most influences customer loyalty is price with a total effect value of 0.915. This can be a consideration for Padang restaurants to pay attention to the prices that will be given to Padang restaurant customers in the city of Makassar.

**The correlation of determination**

Testing the coefficient of determination (R) is a test conducted to determine how much the independent variable is able to influence the dependent variable.

**Table 11.** Koefisien model I  
 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745 <sup>a</sup>	.555	.545	1.29239

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Z

Source: output SPSS 25

The model summary table I above shows the value  $R^2$

As much as 0.555 means that the variable service quality and independent price on customer satisfaction is 0.555, while the remaining 0.445 is influenced by other variables not included in this study.

**Table 13.** Koefisien model II  
 Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.794 <sup>a</sup>	.631	.619	1.25000	2.132

a. Predictors: (Constant), Z, X1, X2

b. Dependent Variable: Y

Based on the table above, the value of  $R^2$  is used to measure the magnitude of the influence of service quality, price on customer loyalty through customer satisfaction. The table above shows the  $R^2$  value of 0.631, which means that service quality, price, customer satisfaction with customer loyalty is 0.616, while 0.369 is influenced by other variables.

### Hypothesis Testing Results

The results of regression testing with the SPSS 25 program answer the research hypotheses that have been determined in this study according to the empirical review as follows:

1. The effect of service quality on customer satisfaction, the results of the statistical test show that the value of  $t_{hitung} = 2.746 > t_{tabel} = 1.66$  and a significant value of  $0.007 < 0.05$  means that the effect of service quality on customer satisfaction has a positive and significant effect. This shows that the hypothesis **H1 is accepted**.
2. The effect of price on customer satisfaction, the results of statistical tests show that the value of  $t_{hitung} = 6.526 > t_{tabel} = 1.66$  and a significant value of  $0.000 < 0.05$  means that the price variable has a positive and significant effect. This shows that the **H2 hypothesis is accepted**.
3. The effect of service quality on customer loyalty, the results of statistical tests show that the value of  $t_{hitung} = -1.402 < t_{tabel} = 1.66$  and the significant value of  $0.164 > 0.05$  means that service quality has a negative and insignificant effect. This indicates **that H3 is not accepted**.
4. The effect of price on customer loyalty. The results of statistical tests show that the value of  $t_{hitung} = 2.829 > t_{tabel} = 1.66$  and a significant value of  $0.006 < 0.05$  means that the price variable has a positive and significant effect. This shows that **H4 is accepted**.
5. The effect of customer satisfaction on customer loyalty. The results of statistical tests show that the value of  $t_{hitung} = 6.981 > t_{tabel} = 1.66$  and a significant value of  $0.000 < 0.05$  means

that the customer satisfaction variable has a positive and significant effect. This shows that **H5 is accepted.**

6. The effect of service quality on customer loyalty through customer satisfaction as an intervening variable shows that the direct effect value is 0.240 and the indirect effect is 0.144. This shows that **H6 is accepted.**

7. The effect of price on customer loyalty through customer satisfaction as an intervening variable shows that the direct value is 0.570 and the indirect effect is 0.345. This shows that **H7 is accepted.**

## DISCUSSION

Based on the results of calculations and statistical analysis discussed in the previous chapter, it can be concluded that:

### *The Effect of Service Quality on Customer Loyalty*

The regression test results show that the service quality variable does not significantly affect customer loyalty. These results indicate that the quality of service carried out at Padang restaurants in the city of Makassar does not have a positive impact on customers, because it does not encourage customers to increase existing loyalty.

### *Effect of Price on Customer Loyalty*

The results of the analysis in this study proved that price has a positive and significant effect on customer loyalty. For customers, price is a determining factor in making a decision to buy a product or not. Consumers decide to buy a product if the benefits felt are greater or equal to what has been spent to get it.

### *Effect of Service Quality on Customer Satisfaction*

The results showed that there was a positive and significant influence between service quality and customer satisfaction. This means that the better and the increased quality of service provided by Padang restaurants in the city of Makassar, it will increase customer satisfaction. Service quality is of course very closely related to customer satisfaction, where customers are certainly satisfied when all their wants and needs have been properly fulfilled. And it can also be seen from the research conducted by Dwi Aliyyah Apriyani and Sunarti (2017) entitled The Effect of Service Quality on Customer Satisfaction (Survey on The Little a Coffee Shop Sidoarjo Consumers) information can be obtained that the effect of service quality on customer satisfaction together. and partially as well as to determine the variables that have a dominant effect on customer satisfaction at The Little A Coffee Shop.

### *Effect of Price on Customer Satisfaction*

The results of the analysis in this study indicate that the price variable has a positive and significant effect on customer satisfaction at Padang restaurants in the city of Makassar. This illustrates that the better the price offered, the customer satisfaction will increase. Padang restaurant managers are expected to set a more appropriate pricing strategy so that customer satisfaction increases.

### *Effect of Service Quality on Customer Loyalty through Customer Satisfaction*

The results of statistical tests of service quality variables have a direct influence value on customer loyalty of -0,116. Based on the indirect effect of service quality on customer loyalty through customer satisfaction of 0.144. And the total effect is 0.847. In fact, loyal customers are those who use or repurchase the product or the same, only consider the same business and do not seek information about other similar businesses. However, before the company reaches the stage of customer satisfaction and loyalty, the company must pay attention to service quality. Good quality service will create customer satisfaction which in turn will create customer loyalty.

### *The Influence of Price on Customer Loyalty through Customer Satisfaction*

The result of statistical test, the direct effect of price on customer loyalty, is 0.570. The indirect effect is 0.345 and the total effect is 0.915. With a significant value of 0.000.

Price is the amount of value that consumers exchange for the benefit of owning or using a product or service whose value is determined by the buyer and seller through bargaining, or set by the seller for the same price as the buyer. For consumers of Padang restaurants in the city of Makassar.

## CONCLUSION

Based on the results of calculations and statistical analysis discussed in the previous chapter, it can be concluded that:

The effect of service quality does not have a direct effect on customer loyalty. This shows that service quality does not directly affect customer loyalty at Padang restaurants in Makassar city. The effect of price on customer loyalty has a positive and significant effect. Price is a significant factor in purchasing decisions which also has an impact on customer loyalty. The more appropriate the price offered by the Padang restaurant, the more loyal customers are to eat at Padang restaurants in the city of Makassar. The influence of service quality on customer satisfaction indicates a positive and significant influence between service quality and customer satisfaction, meaning that the better and the increased quality of service provided by Padang restaurants in the city of Makassar, it will increase customer satisfaction. The effect of price on customer satisfaction. Based on the results of this study it can be seen that the price variable has a significant and positive effect on customer satisfaction in Padang restaurants in the city of Makassar. This illustrates that the better the price offered, the customer satisfaction will increase. The effect of service quality on customer loyalty has a positive and significant effect on customer loyalty. Customer satisfaction is important in building loyalty because the basis of loyalty lies in customer satisfaction, where service quality, price, and other variables are the main input for Padang restaurants in Makassar city. The Effect of Service Quality on Customer Loyalty through Customer Satisfaction, customer satisfaction on service quality does not have a significant effect on customer loyalty at Padang restaurants in the city of Makassar. The Effect of Price on Customer Loyalty through Customer Satisfaction has a positive and significant effect, the better the price offered will increase customer satisfaction which will make Padang restaurant customers in the city of Makassar become loyal.

The Suggestions From the results of this study the suggestions that can be put forward by the researcher are as follows: For Padang restaurant / culinary business owners Regarding the results that have been obtained, there are several suggestions that are expected to be able to provide input in the form of ideas or thoughts so that later it can improve Padang restaurants in the city of Makassar, including: service quality and prices that have been applied are factors of increasing customer satisfaction that will create customer loyalty. Therefore, it is hoped that the management of Padang restaurants in the city of Makassar will maintain and improve the quality of service and prices so that what is the hope of Padang restaurants in Makassar can be carried out better and customer satisfaction, as well as loyal customers, can increase. For further research there are still many other factors that have a direct or indirect effect on customer loyalty, it is hoped that this research can be continued by other researchers by involving factors that have not been studied. And it is hoped that the next research can use data collection techniques that provide more complete information.

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