

THE INFLUENCE OF PRODUCT QUALITY AND LOCATION TOWARDS CUSTOMER SATISFACTION AT KOPI KENANGAN MANADO TOWN SQUARE

PENGARUH KUALITAS PRODUK DAN LOKASI TERHADAP KEPUASAN PELANGGAN DI KOPI KENANGAN MANADO TOWN SQUARE

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Abstract: This study aims to know the influence of product quality and location towards customer satisfaction at Kopi Kenangan Manado Town Square. This study uses the quantitative method and using multiple linear regression test to determine the influence of product quality and location towards customer satisfaction. The sample for this study is 100 respondents. The sampling technique used is a purposive sampling method and the data collection method is in the form of a questionnaire that is run through Google Form. Testing and data analysis in this study using SPSS 26 software. The results shows that Product Quality (X_1) partially have a positive and significant influence on Customer Satisfaction (Y). Location (X_2) partially have a positive and significant influence on Customer Satisfaction (Y). Product Quality (X_1) and Location (X_2) simultaneously have a positive and significant influence on Customer Satisfaction (Y). Adjusted R Square value obtained from the results of the coefficient of determination (R^2) of 0.648 explains that 64.8% of customer satisfaction can be explained by product quality and location. While the remaining 35.2% is explained by other variables not examined in this study.

Keywords: product quality, location, customer satisfaction

Abstrak: Penelitian ini bertujuan untuk mengetahui pengaruh kualitas produk dan lokasi terhadap kepuasan pelanggan di Kopi Kenangan Manado Town Square. Penelitian ini menggunakan metode kuantitatif dan menggunakan uji regresi linier berganda untuk mengetahui pengaruh kualitas produk dan lokasi terhadap kepuasan pelanggan. Sampel untuk penelitian ini adalah 100 responden. Teknik pengambilan sampel yang digunakan adalah metode purposive sampling dan metode pengumpulan data berupa kuesioner yang dijalankan melalui Google Form. Pengujian dan analisis data dalam penelitian ini menggunakan software SPSS 26. Hasil penelitian menunjukkan bahwa Kualitas Produk (X_1) secara parsial berpengaruh positif dan signifikan terhadap Kepuasan Pelanggan (Y). Lokasi (X_2) secara parsial berpengaruh positif dan signifikan terhadap Kepuasan Pelanggan (Y). Kualitas Produk (X_1) dan Lokasi (X_2) secara simultan berpengaruh positif dan signifikan terhadap Kepuasan Pelanggan (Y). Nilai R Square yang diperoleh dari hasil koefisien determinasi (R^2) sebesar 0,648 menjelaskan bahwa 64,8% kepuasan pelanggan dapat dijelaskan oleh kualitas produk dan lokasi. Sedangkan, sisanya sebesar 35,2% dijelaskan oleh variabel lain yang tidak diteliti dalam penelitian ini.

Kata Kunci: kualitas produk, lokasi, kepuasan pelanggan

INTRODUCTION

Research Background

Indonesia is the fourth largest coffee-producing country in the world. According to the graphic from *Badan Pusat Statistik*, the total coffee-producing in Indonesia was increased every year from 2017-2021. Every region in Indonesia has produce authentic coffee that have unique character. It makes Indonesia have a variety of different types and flavors of coffee. The development of coffee in Indonesia is increasingly in demand so that people take this as a chance to make business in coffee industry that also happened in Manado city. There are various kinds of coffee shop business in Manado City, ranging from local, national and international coffee shops,

and one of it is Kopi Kenangan. In the midst of Covid-19 pandemic, Kopi Kenangan has open 5 branches at once in Manado city.

In December 2021, Kopi Kenangan expanded by opening 5 branches directly in Manado City. It can find at Manado Town Square, Ruko Sam Ratulangi, Transmart Kawanua, Ruko Yos Sudarso Paal Dua, and Megamas Manado Area. According to James Prananto as Co-Founder and Chief Business Development Officer of Kopi Kenangan, Manado is a huge opportunity because their enthusiasm and high demand for coffee make them take the opportunity to expand their business. After that, they just opened 3 more branches in some areas in Manado city which are Ruko Sudirman, Ruko Bahu, and SPBU 74.951.08 Sario. So, in total Kopi Kenangan was reached 8 branches in Manado City.

Covid-19 pandemic ruins many businesses around the world that makes the business get loss or even bankrupted. It is different with Kopi Kenangan that opened many branches in the midst of Covid-19 pandemic in some areas, one of it is Manado City. It is very interesting to know what kind of strategies that Kopi Kenangan use to maintain their businesses in the midst of Covid-19 pandemic, so that it can be the standard for business out there to maintain their business.

One of the things that can attract customers is how the business can satisfy its customers. Customer satisfaction is something that important in every business, because by having customer satisfaction it expected the customer will be loyal to the business. Customer satisfaction is essential to keeping the current customers and retaining new ones. Business actors need to satisfy their customers by giving them best services, good quality products, and many factors. Quality will determine customer satisfaction, quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs (Kotler, 2016). Product quality is important because it affects the success of the business and helps establish it reputation in customer markets. The other important thing is location selection must be considered well because it will determine the business will run or not. When the business location is easy to find, it will make customers visit and buy often. Also, when the customers buy the products often, it shows that the customers are satisfy with the products.

However, there are several factors that affect customer satisfaction itself. In surviving the business, Kopi Kenangan try to keep the good quality of their product and expand in some strategic location that have an opportunity to give them profits. So, that their customers feel satisfied with their product quality and location.

Research Objectives

1. To know the influence of product quality on customer satisfaction at Kopi Kenangan Manado Town Square partially.
2. To know the influence of location on customer satisfaction at Kopi Kenangan Manado Town Square partially.
3. To know the influence of product quality and location on customer satisfaction at Kopi Kenangan Manado Town Square simultaneously.

THEORETICAL FRAMEWORK

Marketing

According to Kotler and Armstrong (2013), marketing is the process by which companies create value for customers and build strong customer relationships to capture value from customers in return.

Customer Satisfaction

According to Tjiptono and Diana (2021) explains that customer satisfaction is the feeling of pleasure or disappointment that a person gets from comparing the performance or results of the perceived product and its expectations.

Product Quality

According to Kotler and Armstrong (2012), product quality is a capability of a product in demonstration function, this includes the whole durability, reliability, accuracy, ease of operation, and repair product, as well as other product attributes. One of the main values expected by the customer from the manufacturer is the quality of supreme products and services.

Location

According to Kotler and Keller (2016), Location is a variety of activities carried out by companies to make products accessible and available to consumers. Determination of a place that is easily accessible and visible. This will make it easier for consumers to know, observe, and understand the products or services offered.

Previous Research

Susanti and Jasmani (2019) investigated the product quality and service quality on customer satisfaction at Mitra 10 in Depok. The method used was explanatory research with a sample of 96 respondents. The analysis technique uses statistical analysis with regression testing, correlation, determination, and hypothesis testing. The results of this study product quality have a significant effect on customer satisfaction by 41.6%, hypothesis testing obtained significance $0,000 < 0.005$. Service quality has a significant effect on customer satisfaction by 42.7%, hypothesis testing obtained significance $0,000 < 0.05$.

Arlanda and Suroso (2018) examined the influence of food & beverage quality, place, and perceived price to customer satisfaction and repurchase intention. The type of the research is case study with survey method by using questionnaire as a tool of data collection. The study was conducted in Purwokerto area. Respondents of this research are 165 respondents came from consumers in Purwokerto who have been visited Level Up Purwokerto. This research uses SEM (Structural Equation Model) as analysis tools technique. Statistical software SPSS is used to analyze the data. The result of hypothesis testing using T-test is in the following: (1) Food and beverage quality has positive effect on customer satisfaction. (2) Service quality has positive effect on customer satisfaction. (3) Place has a positive but no significant effect on customer satisfaction. (4) Perceived price has a positive effect on customer satisfaction. (5) Customer satisfaction has a positive effect on repurchase intention.

Hoe and Mansori (2018) studied the factors that can assist a company to build a sustainable competitive advantage through the effective enhancement of customer satisfaction and ultimately customer loyalty. The method using in this study is quantitative method. The results provide insights to understand the dimensions of Product Quality that affect customer satisfaction and higher satisfaction leads to higher customer loyalty in the engineering industry in Malaysia.

Conceptual Framework

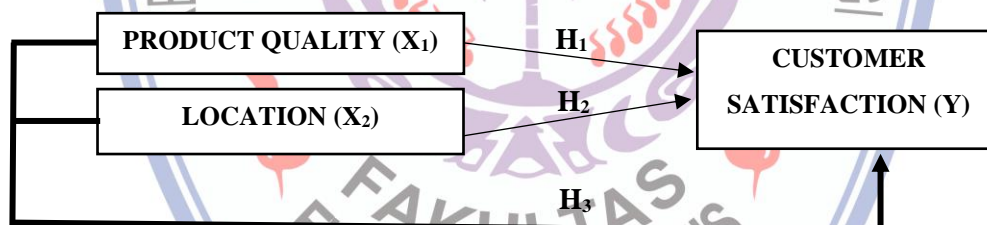


Figure 1. Conceptual Framework

Source: Literature Review

Research Hypothesis

The hypothesis of this research is:

H₁: Product quality has a partial influence on customer satisfaction.

H₂: Location has a partial influence on customer satisfaction.

H₃: Product quality and Location have a simultaneous influence on customer satisfaction.

RESEARCH METHOD

Research Approach

This research was used quantitative research method. According to Sekaran and Bougie (2010), quantitative research methods are research based on the philosophy of positivism to examine specific populations or samples and random sampling.

Population and Sample

According to Sekaran (2011), the population is the entire group of people, events, of things of interest that the researcher wishes to investigate. The population in this study is the customers of Kopi Kenangan Manado Town Square who visited the café and buy the products. According to Sekaran and Bougie (2010), sample is a subset of the population. The sample size of this research is 94.65 and rounded up to 100 respondents.

Data Collection Method

To collect the data this research was used primary data by using questionnaires as the instrument of the research. The questionnaire is a data collection technique that is done by giving a set of written statements that will be answered by the respondents.

Operational Definition of Research Variables

1. Product quality is a capability of a product in demonstration function, this includes the whole durability, reliability, accuracy, ease of operation, and repair product, as well as other product attributes. (Indicators: performances, features, aesthetics, conformance to specification, perceived quality)
2. Location is a variety of activities carried out by companies to make products accessible and available to consumers. Determination of a place that is easily accessible and visible. (Indicators: access, traffic, spacious comfortable and safe parking area, environment, visibility)
3. Customer satisfaction is the feeling of pleasure or disappointment that a person gets from comparing the performance or results of the perceived product and its expectations. (Indicators: overall customer satisfaction, conformity of expectations, desire to visit again, willingness to recommend, repurchase intention)

Data Analysis Method

Validity and Reliability Test

The validity test is used to measure whether the questionnaires are valid or not. Besides being valid, the instrument must also be reliable. A questionnaire is said to be reliable if the respondents answer the questions consistently from time to time

Multiple Linear Regression

Multiple linear regression analysis is used to estimate how the state (fluctuation) of the dependent variable is, if two or more dependent variables as a predictor factor increase their value decreases. The equation form of multiple linear regression is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Descriptions:

Y = Customer Satisfaction

a = Constant

β_1, β_2 = Regression coefficient X_1, X_2

X_1 = Product Quality

X_2 = Location

E = Error

RESULT AND DISCUSSION

Result

Validity Test and Reliability Test

Validity testing was carried out using the IBM SPSS Version 26 program to process the data collected. Validity testing was performed on 100 respondents in this study. the Pearson Correlation value of Product Quality (X_1), Location (X_2), and Customer Satisfaction (X_3) are greater than 0.3 or the significance value is below 0.05. So that the research instrument of this research is considered valid. the value of Cronbach's Alpha of Product Quality (X_1) is 0.777, Location (X_2) is 0.828, and Customer Satisfaction (Y) is 0.885 in this research, that means statement in this questionnaire is reliable because it has a Cronbach's Alpha value greater than 0.6. So that the variables of this research is reliable and can be distributed to the respondents.

**Classical Assumption Test
Normality Test**

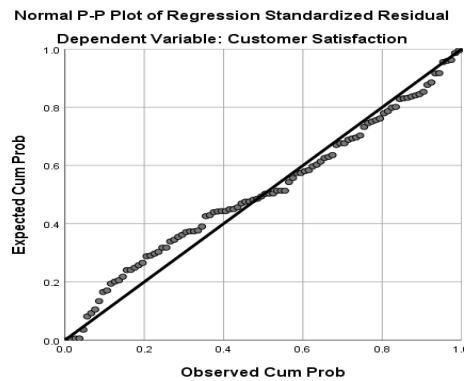


Figure 2. Normality Test
Source: Data Processed (2022)

The figure above shows that the data that represented by the dots are spreading near the diagonal line and follow the direction of diagonal line. It proves that the normality test is normal.

Heteroscedasticity Test

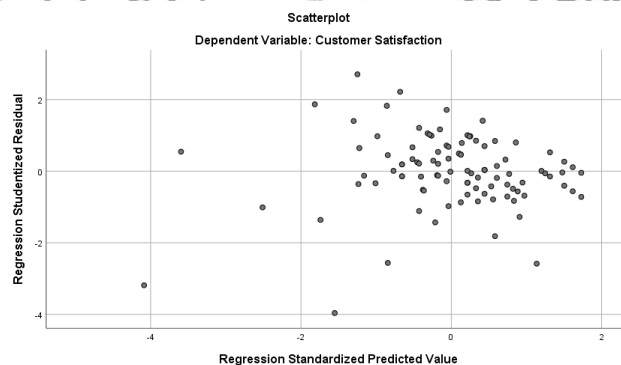


Figure 3. Heteroscedasticity Test
Source: Data Processed (2022)

Based on the figure above, it shows that the pattern of the dots spread above and below 0 on the Y axis. The result shows that there is no heteroscedasticity in this regression.

Multicollinearity Test

Table 1. Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Product Quality (X ₁)	.505	1.981
Location (X ₂)	.505	1.981

Source: Data Process (2022)

According to the table above, the tolerance value of Product Quality (X₁) and Location (X₂) are 0.505, which means the tolerance value are greater than 0.1. The Variance Inflation Factor (VIF) value of Product Quality (X₁) and Location (X₂) are 1.981, that means the value are less than 10. So, based on the results this study is free of multicollinearity because the tolerance value is above 0.1 and the Variance Inflation Factor (VIF) are less than 10.

Multiple Linear Regression Analysis**Table 2. Multiple Linear Regression**

Model	Unstandadized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.463	4.244		-.345	.731
Product Quality (X ₁)	.462	.110	.358	4.216	.000
Location (X ₂)	.564	.093	.512	6.038	.000

Source: Data processed (2022)

From the result in the table above, can be shown through the regression equation as follows:

$$Y = -1.463 + 0.462X_1 + 0.564X_2 + e$$

The results of the multiple regression equation above provide the understanding that:

1. The constant value is -1.463. It can be seen that if product quality and location value is zero (0), then the amount of customer satisfaction value at Kopi Kenangan Manado Town Square is -1.463.
2. The regression coefficient of Product Quality (X₁) is positive. It can be interpreted if the product quality increases by one unit, then the customer satisfaction will increase by 0.462 unit with the assumption that the other variables are fixed or constant.
3. The regression coefficient of Location (X₂) is positive. It can be interpreted if the location increases by one unit, the customer satisfaction will increase by 0.564 unit with the assumption that the other variables are fixed or constant.

Table 3. The Coefficient of Determation (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 ^a	.648	.641	3.030

Source: Data processed (2022)

The value of the coefficient of determination (R²) is 0.648 or 64.8% meaning that the independent variables in this study have an effect of 64.8% on customer satisfaction and the remaining 35.2% comes from external factors or variables that are not discussed or explained in this study.

Hypothesis Testing**T-Test****Table 4. T-test Result**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.463	4.244		-.345	.731
Product Quality (X ₁)	.462	.110	.358	4.216	.000
Location (X ₂)	.564	.093	.512	6.038	.000

Source: Data Processed (2022)

This test is done by comparing tcount and ttable at the level of significance 95% ($\alpha = 0.05$). The criteria of this test is if $t_{count} \geq t_{table} (0.05)$ then H_a is accepted, otherwise if $t_{count} < t_{table} (0.05)$ then H_a is rejected.

1. The effect of product quality on customer satisfaction, the product quality variable shows that the significant value $0.000 < 0.05$. It means that the product quality variable partially has a significant effect on customer satisfaction at Kopi Kenangan Manado Town Square.
2. The effect of location on customer satisfaction, the location variable shows that the significant value $0.000 < 0.05$. It means the location variable partially has a significant effect on customer satisfaction at Kopi Kenangan Manado Town Square.

Based on table 5, it shows that the product quality and location variable have a significant influence on Customer Satisfaction (Y) at Kopi Kenangan Manado Town Square. It has obtained a significant value of $0.000 < 0.05$. This shows that the independent variables which are product quality and location simultaneously have significant influence on the dependent variable.

F-Test**Table 5. F-Test Result**

	Model	Sum of Square	df	Mean Square	F	Sig.
1	Regression	1638.278	2	819.139	89.205	.000 ^b
	Residual	890.722	97	9.183		
	Total	2529.000	99			

Source: Data Processed (2022)

Discussion**Product Quality on Customer Satisfaction**

This study proves that product quality partially has a positive and significant influence on customer satisfaction at Kopi Kenangan Manado Town Square. The result is similar with the previous research conducted by Susanti and Jasmani (2018), Berliansyah and Suroso (2018), Jannah, Mappatempo, and Haanurat (2019) that shows there is a significant relationship between product quality and customer satisfaction. These results indicate that the customers think the product of Kopi Kenangan Manado Town Square has good quality which makes them feel satisfied. Every customer wants a good quality product to buy. So that, the company need to be focus on their product quality by improving and maintaining the high quality of the product. Customer will get satisfy when they feel the good quality and good taste product.

Location on Customer Satisfaction

This study proves that location partially has a positive and significant influence on customer satisfaction at Kopi Kenangan Manado Town Square. There is a similarity of this research and the previous research conducted by Zardi, Wardi, and Evanita (2018) that explains the location has a significant effect on customer satisfaction. These results indicate that the customers think the location of Kopi Kenangan Manado Town Square has already in a good and strategic location that makes them feel satisfied. The right business location is expected to meet the expectations of company to attract consumers in order to gain profits and vice versa. If the company choose strategic location, have an easy access, good traffic, good environment, good visibility and spacious, comfortable, safe parking area, it will influence the customer satisfaction itself.

Product Quality and Location on Customer Satisfaction

This study proves that product quality and location simultaneously have a significant positive influence on customer satisfaction at Kopi Kenangan Manado Town Square. In line with the previous research conducted by Sudari et al (2019) results that the product quality and place or location has a simultaneous positive but no significance influence towards customer satisfaction with additional variables of promotion and price. It means that if the product quality and location are getting better than the customer satisfaction tends to be better too, on the other hand if the product quality and location are getting worse, than the customer satisfaction will get lower. Company needs to be focus on maintaining both product quality and location indicators.

CONCLUSION AND RECOMMENDATION**Conclusion**

Based on the results of the research and discussion in the previous chapter, the conclusions are:

1. The product quality variable partially has a positive and significant influence towards customer satisfaction at Kopi Kenangan Manado Town Square. It means that the good and strategic location of Kopi Kenangan Manado Town Square will increase the customers satisfaction.
2. The location variable partially has a positive and significant influence towards customer satisfaction at Kopi Kenangan Manado Town Square. It means that the higher the product quality of Kopi Kenangan Manado Town Square will increase the customers satisfaction.
3. The independent variables which are Product Quality and Location simultaneously influence the Customer Satisfaction of Kopi Kenangan Manado Town Square. It can be interpreted that when Kopi Kenangan Manado Town Square has a good quality product and strategic location at the same time, it will increase their customer satisfaction.

Recommendation

Based on the conclusions in this research, the following suggestions can be given are:

1. According to customers, the product quality has already in a good quality that makes the customers feel satisfied. So, in the future the company just need to maintain their product quality and even improve the quality.
2. For the company, the location that customer wants are the location that has an easy access, comfortable, safe parking area, and the best visibility. So, if the company want to expand the business by open new branches, it is better if the company consider about the things mentioned before.
3. For the next research can improve the limitations that exist in this research. The next research can replace the object or place of research or replace and add variables, both independent or dependent. For example, replaced customer loyalty as the dependent variable and customer satisfaction as mediating variable.

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