# Effect of Price and Service Quality on Customer Satisfaction and Its Implications on Customer Loyalty PT. XYZ

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**Article Informatin:**

*Abstract*

*This study aims to analyze the Effect of Price and Service Quality on Customer Satisfaction and Its Implications on the Customer Loyalty of PT. XYZ This type of research used in this study is Causal Research Type. The population in this study were all patients who had visited and had received health services at PT. XYZ in 2018 as many as 43,476 people. Determination of the number of samples using the formula Slovin so as to get 100 respondents. The analysis method used is the regression analysis test through SPSS version 25. The results of this study indicate that (1) Price has a positive and significant effect on patient satisfaction, (2) Service Quality has a positive and significant effect on Patient Satisfaction, (3) Price influences positive and significant impact on Patient Loyalty, (4) Service Quality has positive and significant impact on Patient Loyalty, (5) Patient Satisfaction has positive and significant impact on Patient Loyalty, and (6) There is a positive indirect effect between Price and Quality of Service on loyalty through patient satisfaction, meaning through patient satisfaction can increase patient loyalty.*

## INTRODUCTION

Hospital as medical service institution has changed. Long time ago hospital built by government, they built state Regional Hospital. Today, many private sectors to race each other are in building a hospital as their core business. As we can see now, there are Siloam, Mitra Keluarga, Hermina, Eka Hospital, Omni, Mayapada and PT XYZ Hospital at Cimanggis Depok West Java is surrounding us.

Hospitals have a strategic role in accelerating public health degree. A new point of view about public health service at the hospital; whereas hospital expected to serve a qualified public health service as a public needs and patients demand. Moreover, this service is should be as medical practitioners' ethics code.

Service quality is always being main service for any institutions. Then according by this high service competition, hospitals are also tries to give its best services. As a hospital' customer, patient satisfaction becomes an important part in analyzing their loyalties' to its hospital. According Sabarguna in Putri (2016), Patient satisfaction is a subjective value to service quality given.

Loyalty is customer faithfulness to a product or service as result of his or her satisfactions using its facility or service. Where the customer or patient will be back to that hospital whenever he or she have a health problem.

Before doing a research writer did a pre study in 30 respondents, 13 are regular patients' respondents and 12 respondents are patient with a private insurance and the left are 5 respondents with a BPJS insurance.

Base on the pre study, herewith the result:
1. There are 6 respondents declared that the PT. XYZ Hospital cost are quite high.
2. There are 5 respondents declared that service quality of PT. XYZ Hospital are quite far from their expectations.
3. There 9 respondents who are felt unsatisfied with PT. XYZ Hospital service.
4. There 9 respondents showed their unloyalties to PT. XYZ Hospital.

## LITERATURE REVIEW

Price perception according to Tjiptono (2014) is amount of money or other measurement as an exchange medium in order to get a belonging of a service or product. As same as Kotler and Keller (2012),

that price perception is mix of the most flexible marketing, price perception can shifted quickly not like a product, promotion and other distribution channel or place. Price perception also became one of customer's comparation in buying decision.

Service Quality Tjiptono (2012) declare about service quality in a simple way, that is the degree of how good service quality is given as same as customer expectation. Its mean service quality define by company capability to fill Customer's need as expected. Lovelock in Ridwan (2018) declared service quality from customer point of view as a something that fill or more than customer expectation consistently. According to his, service quality is very important as a foundation for a true loyalty that comes up from customer satisfaction whereas service quality becomes main input.

Customer satisfaction is main factor especially for Service Company. Tjiptono (2014) give a definition customer satisfaction as a feeling that comes up from its evaluation in using a product or service experience. Lovelock and Wirtz (2011) give explanation that satisfaction is a decided attitude base on experience was has had. Satisfaction is a product or service characteristics, which serve degree of customer's contentment, entangled with customer consumptions need fulfillers. Customer satisfaction made from service quality and company values.

Customer loyalty. Sitio (2019) explain that customer loyalty is a something that roots from customer view who has satisfaction relationship with product or service server. Kotler and Keller (2012) give a definition loyalty as a hard commitment to buy again or behave as lasting customer for a definite product or service, though situational effect and marketing techniques make customer having a chance to alternate their choices.

**Figure : 1 Research Structure**
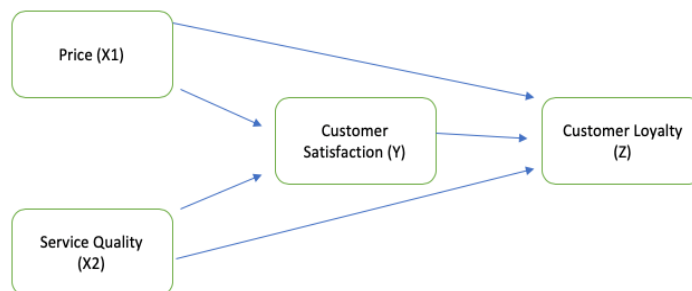
## METHOD

Kind of method used in this research is Cause and effect method research to prove a relationship cause and effect between variables. Cause research usually use an experiment method that by hold the independent variables which effecting dependent variables. (Sugiono 2014). This research also projected to use descriptive method with quantitative limits..

Population and sample, according to Sugiono (2014) is general area containing subject and object with a definite characteristics and quality; which pointed by researcher to study and then make a conclusion. Population in this research is all the visiting patients and got a health service from PT XYZ in 2018; that are 43.476 patients. Amount of sample decided by Slovin Formula, so that the researcher gets 100 patients as respondent.

Data analyses method. Regression analyses test use to figure out purpose of variables relationship and making a prediction. This analysis is especially to detect new relationship pattern between variables perfectly.

Regression which contain one free variable (predictor) and one bound variable (Response or Criterion) known as Simple Linear Regression (bivariate regression). And a regression which its free variable are more than one known as a Multiple Regression or Multivariate regression which has two predictors (double regression) or more. This research doing regression analyses by SPSS 23 software..

## RESULTS AND DISCUSSION

### Results

This research aim to analyses the effect from price and service quality to customer satisfaction and its effect into customer loyalty of PT. XYZ Hospital. The data collecting process is by research questionnaire instrument with 100 respondents.

**Table 1. Validity Test of a price Perception Variable**

| No | Questions | r Count | r Table | Remarks |
|----|-----------|---------|---------|---------|
| 1 | Health treatment pricing is quite low. | 0.872 | | Valid |
| 2 | Health treatment pricing is reachable by me | 0.872 | | Valid |
| 3 | Price becomes a comparing agent when respondent have to have health treatment at the PT XYZ | 0.898 | 0,361 | Valid |
| 4 | Health treatment price of PT. XYZ Hospital | 0.898 | | Valid |

| | | | | |
|---|---|---|---|---|
| | *is competitive to others hospital* | | | |
| 5 | *Price and benefit are fits each other.* | *0.878* | | *Valid* |
| 6 | *1. Offered price is fits in the PT XYZ hospital facilities.* | *0.878* | | *Valid* |

Source: SPSS 23,  Data Processed

Base on validation test knowing that all the sentences in price variables are valid. It's because the value of r. calculate > r table (Gozali, 2013,33) value of r table is by calculating total of respondent subtracted by 2 (n-2) to determine the degree of freedom (df) significant 0,05. This result shows that the entire dimension can be used to measure price variable.

**Table 2 Validity test of a Service Quality Variable**

| | *Questions* | *r Count* | *r Table* | *Remarks* |
|---|---|---|---|---|
| *1* | *The building design is clean and neat* | *0,892* | | *Valid* |
| *2* | *There is a comfortable lounge* | *0,892* | | *Valid* |
| *3* | *Hospital surrounding is clean.* | *0,892* | | *Valid* |
| *4* | *Officer has a neat appearance* | *0,892* | | *Valid* |
| *5* | *Officer wears employee ID card, a nametag* | *0,892* | | *Valid* |
| *6* | *Registration process are quick* | *0,935* | | *Valid* |
| *7* | *Treatment and or consultation by the doctor are on time* | *0,935* | | *Valid* |
| *8* | *K Pharmacy service is quick enough ecepatan dalam menunggu obat di instalasi farmasi* | *0,935* | | *Valid* |
| *9* | *Fast payment process* | *0,935* | | *Valid* |
| *10* | *Hospital officer is accountable in giving service information.* | *0,935* | *0,361* | *Valid* |
| *11* | *Officer gives an ease in administration process* | *0,935* | | *Valid* |
| *12* | *Officers are friendly* | *0,921* | | *Valid* |
| *13* | *Give a safety medical treatment* | *0,921* | | *Valid* |
| *14* | *Officers are skillful in service procedure* | *0,921* | | *Valid* |
| *15* | *Hospital officer give a quick response service* | *0,857* | | *Valid* |
| *16* | *Officer willing to give a hand to patient.* | *0,857* | | *Valid* |
| *17* | *Officer give a quick solution to a customer complain* | *0,857* | | *Valid* |
| *18* | *Officer care about customer needs* | *0,923* | | *Valid* |
| *19* | *Officer behave patiently in giving service* | *0,923* | | *Valid* |
| *20* | *Officer willing to hear about customer needs* | *0,923* | | *Valid* |

Source: SPSS 23,  Data Processed

Base on validity test knowing all the sentences in Service Quality Table are valid. It's because the value of r. calculate > r Table (Gozali 2013,33) Value of r Table is calculating by total of respondents subtracted by 2 (n-2) to determine degree of freedom (df) significant 0,05. This result shows that the entire dimension can used to measure Service Quality variable.

**Table 3. Validity Test of a Customer Satisfaction Variable**

| *Questions* | *r Count* | *r Table* | *Remarks* |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1 | I fell content by the ease procedure when I need hospital services | 0,811 | | Valid |
| 2 | The service given by hospital is as I expected | 0,811 | | Valid |
| 3 | My disease will be cure soon after I have a treatment from PT XYZ hospital | 0,917 | 0,361 | Valid |
| 4 | I am satisfy with the positive effect while I have medical treatment in PT XYZ hospital | 0,917 | | Valid |
| 5 | I fell content with the PT XYZ hospital service | 0,885 | | Valid |
| 6 | PT XYZ hospital service is better than the other | 0,885 | | Valid |

*Source: SPSS 23, Data Processed.*

Base on validation test knowing that all the sentences in Customer Satisfaction variables are valid. It's because the value of r. calculate > r table (Gozali, 2013,33) value of r table is by calculating total of respondent subtracted by 2 (n-2) to determine the degree of freedom (df) significant 0,05. This result shows that the entire dimension can used to measure Customer Satisfaction variable.

**Table 4. Validity Test of a Customer Loyalty Variable**

| | *Questions* | *r Count* | *r Table* | *Remarks* |
|---|---|---|---|---|
| 1 | I will always go to PT XYZ hospital whenever I need medical treatment | 0,933 | | Valid |
| 2 | I will keep go to PT XYZ hospital in the future | 0,933 | | Valid |
| 3 | I do not mind to trying other medical treatment that already offered by PT XYZ hospital | 0,896 | | Valid |
| 4 | I trust to PT XYZ hospital services | 0,896 | | Valid |
| 5 | I will recommend PT XYZ hospital service to my relatives and colleagues | 0,962 | 0,361 | Valid |
| 6 | PT XYZ hospital is my main choice whenever I need medical treatment | 0,962 | | Valid |
| 7 | I am going to tell other about PT XYZ hospital positively. | 0,962 | | Valid |
| 8 | I still choose PT XYZ hospital though given others hospital offering. | 0,950 | | Valid |
| 9 | I am that easy influenced by others hospital captivates | 0,950 | | Valid |

*Source: SPSS 23, Data Processed*

Base on validation test knowing that all the sentences in Customer Loyalty variables are valid. It's because the value of r. calculate > r table (Gozali, 2013,33) value of r table is by calculating total of respondent subtracted by 2 (n-2) to determine the degree of freedom (df) significant 0,05. This result shows that the entire dimension can used to measure Customer Loyalty variable.

## Table 5. Test result of Reliability Research Variable

| Variable | Cronbanch's Alpha | Remarks |
|---|---|---|
| Price Perception | 0,776 | Reliable |
| Service quality | 0,765 | Reliable |
| Customer Satisfaction | 0,770 | Reliable |
| Customer Loyalty | 0,747 | Reliable |

Source: SPSS 23, Data Processed

Base on table 5 knowing that the entire tested variables (price, service quality, customer satisfaction and loyalty) are reliable. It's caused by Cronbanch's Alpha > 0,06 (Gozali 2013,34).

## Table 6. Test result of Normality Test

| | | Unstandardized Residual |
|---|---|---|
| N | | 100 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | 1.65906720 |
| Most Extreme Differences | Absolute | .093 |
| | Positive | .065 |
| | Negative | -.093 |
| Test Statistic | | .093 |
| Asymp. Sig. (2-tailed) | | .033[c] |

Source: SPSS 23, Data Processed

Base on table above, value of VIF seen as price variable, service quality and customer satisfaction are smaller than 10. While value of tolerance is bigger than 0,10 (Gozali 2013, 35).

## Table 7. Test of Multicolinearity Data

| Variable | Tolerance | VIF | Remarks |
|---|---|---|---|
| Price | 0,139 | 7,191 | There is no multicolinearity |
| Service Quality | 0,177 | 5,655 | There is no multicolinearity |
| Customer Satisfaction | 0,257 | 3,888 | There is no multicolinearity |

Source: SPSS 23, Data Processed

Base on table above, value of VIF seen as price variable, service quality and customer satisfaction are smaller than 10. While value of tolerance is bigger than 0,10 (Gozali 2013, 35). Its shows that independent variable are free in this research because there is no

correlation between free variables among others so this there is no multicolinearity in this model.

**Figure 2. Test result of a Heteroskedastisity**
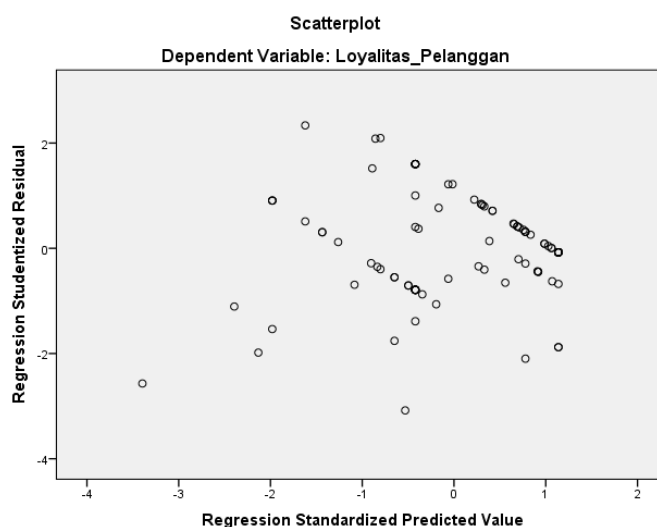


*Source: SPSS 23, Data Processed*

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## Discussion [Times New Roman; 12pt; Bold, Single]

A discussion is defined as a complete assessment of the results by the author himself and must describe in sufficient detail the various aspects of the results. If you don't have anything to discuss, then the results of the research processing that you convey in this manuscript will not be of any value than just information on data or facts that actually happened! The main purpose of the discussion on the manuscript is to: (1) answer the problem formulations and research questions; (2) shows how the findings were obtained; (3) interpret / interpret findings; (4) linking the research findings with an established knowledge structure; and (5) generating new theories or modifying existing theories. [Times New Roman; 12pt, Single; Justify; First Line Indent 1.27cm / 0.5inch].

In answering the problem formulation and research questions, the research results must be concluded explicitly. The interpretation of the findings is carried out using existing logic and theories. Findings in the form of realities in the field are integrated / linked with previous research results or with existing theories. For this purpose there must be a reference. In generating new theories, old theories can be confirmed or rejected, some may need to modify the old theories. [Times New Roman; 12pt, Single; Justify; First Line Indent 1.27cm / 0.5inch].

Remember, discussing this manuscript is not the same as telling a story!

If the research is original, at least for the most part, the discussion is also original. This gives rise to the author's own thought process as he explains the research results and their relevance. In our country, all too often it seems that most of the discussion is plagiarized. Plagiarism is very easy to detect, especially with the availability of search engines. When the language and tone of the author's 'work' and the (plagiarized) discussion do not match, journal

editors can simply check the sentences under discussion through a search engine to find the original source. Many journal editors will not take this lightly. Plagiarize at your own risk; risk of being embarrassed in a journal, in front of someone's colleagues. This is not something any writer wanted! [Times New Roman; 12pt, Single; Justify; First Line Indent 1.27cm / 0.5inch].

Writing on a manuscript, it is advisable to avoid organizing the writing of research results into "sub-headings". If it cannot be avoided because it shows the way of writing special things that cannot be separated from an article, then the writing of "sub-headings" is written the same as the subtitles with capital letters only in the first word of "subtitle children". [Times New Roman; 12pt, Single; Justify; First Line Indent 1.27cm / 0.5inch].

**Thank-You Note [Times New Roman; 12pt; Bold, Single]**

If you need to thank a certain party, such as a research sponsor, state it clearly and concisely, avoiding hyperbole / excessive gratitude. [Times New Roman; 12pt, Single; Justify; First Line Indent 1.27cm / 0.5inch]

**CONCLUSION [Times New Roman; 12pt; Bold, Single]**

Conclusion provides a summary of the description of the results and discussion, referring to the research objectives. Based on these two things are developed, new points of thought which are the essence of the research findings. If suggestions are needed, a written statement is prepared based on the research findings that have been discussed. Suggestions can refer to practical actions, development of new theories, and / or follow-up research.

**REFERENCE [Times New Roman; 12pt; Bold, Single]**

Reference is a list of papers that the author reads in preparing his article and is then used as a reference. In scientific articles, Reference must be available as a complement to references and guidance on reference sources.

Reference presentation must be complete and in accordance with the references cited or cited in the body of the article. This means that the sources written in the Reference are actually referenced in the body of the article. In fact, all references that have referred to the article must be listed in the Reference. To show the quality of scientific articles, the list included in the Reference must be quite a lot. Reference is arranged alphabetically and the input method is adjusted to the rules specified in the journal. Referral reference rules Reference uses an "APA" style format, and it is mandatory to use reference management applications such as Mendeley, Zotero, RefWork, Zotero and the like. (Times New Roman 12, indent hanging 1.27pt / 0.5inch, single).

Reference example:

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