

The Effect of Price, Customer Satisfaction, and Excellent Service on Consumer Loyalty: A Study at biMBA AIUEO

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Abstract

The purpose of this study is to determine the effect of price, customer satisfaction, and service excellence on consumer loyalty at biMBA AIUEO in South Tambun. This research method used was a quantitative approach with Multiple Linear Regression. The population for this study were consumers/parents of biMBA AIUEO students. Samples were taken using a simple random sampling technique. The sample amounted to 100 people. The results showed the influence of price, customer satisfaction, and excellent service on consumer loyalty at biMBA AIUEO Tambun Selatan. This study resulted in the following conclusions: 1) The price offered by biMBA AIUEO has a positive and insignificant influence on consumer loyalty at biMBA AIUEO. 2) The study found that customer satisfaction at biMBA AIUEO has a significant effect on consumer loyalty. This would infer that biMBA AIUEO provides services that are in accordance with consumer expectations. 3) The study also found that the excellent service provided by biMBA AIUEO has a significant positive effect on consumer loyalty.

Keywords: Price, Customer Satisfaction, Service Excellence, Customer Loyalty

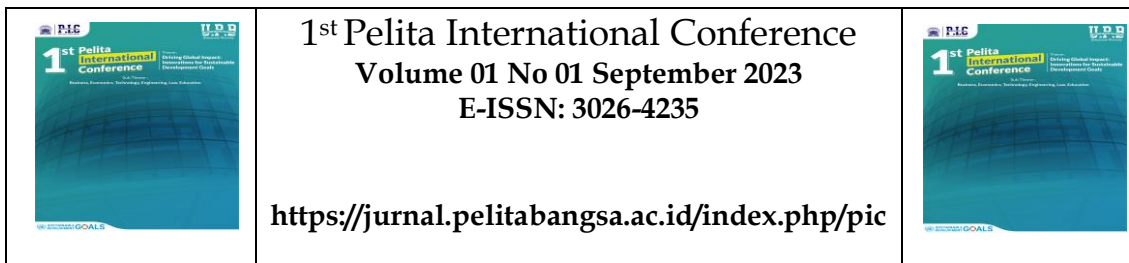
INTRODUCTION

BiMBA AIUEO is an educational institution that provides reading and tutoring has won many awards. Some of them are: Franchise and Business Opportunity Market Leader in 2014, Franchise Top of Mind in 2017, Anugerah Brand Indonesia (ABI) in 2017, Indonesian Creativity and Best Leader Award 2023 in the category of The Most Reputable Education Institution and Highly Recommended of The Year in January 2023. There are many other awards which are very significant achievements for biMBA AIUEO (Trihendrawan, 2018).

At the start of the pandemic, around April 2020, this reading tutoring service provider admitted to losing almost 40% of its students. This very drastic decline in students has greatly affected the resilience of this type of educational institution. However, the strength of biMBA management soon became apparent as conditions gradually returned to their initial number of around 100,000 people. This may be due, in part, to biMBA AIUEO implementing interactive online video learning, called *interverio*, so that teaching and learning activities could continue in the midst of a pandemic (Krishna, et al. 2021).

When the number of students decreased during the pandemic, biMBA AIUEO further increased marketing by carrying out promotions directly in the field, including distributing flyers and promoting biMBA AIUEO door-to-door to homes where there were children aged 3-6 years. The biMBA AIUEO marketing team invited each child to play and study in class free of charge for 3 meetings. After the parents were satisfied with the biMBA learning method, most of them immediately registered their children to go to biMBA without any coercion.

Apart from carrying out direct promotions by distributing brochures, biMBA AIUEO also conducted marketing by telephone or distributes flyers via WhatsApp numbers which were previously obtained from the data form of prospective students. Meanwhile, to maintain the remaining students who are still attending, biMBA AIUEO provided additional services in the



form of online learning so that children could still learn during a pandemic. Online learning is still being carried out today. This is what might make biMBA consumers loyal.

Consumer loyalty is one of the most important things for the sustainability of a business for both product and service providers. The loyalty of consumers/users of biMBA AIUEO services is a very interesting thing to research. The variables that support biMBA AIUEO consumer loyalty are also worthy of study. Research on the biMBA AIUEO in particular is still very limited; there are only 294 studies. Most of these studies are about learning methods, a few about human resources, and 3 have examined the costs of promoting the biMBA AIUEO.

Consumer loyalty is a strong positive attitude towards a particular brand or company. This makes consumers buy products repeatedly or continuously and even recommend them to other people (Oliviana et al, 2017). Consumers are very important intangible assets for companies (Gupta et al, 2003).

There are several things that can influence consumer loyalty, including price (Khairu et al, 2021), customer satisfaction (Aryani and Rosinta, 2011), and excellent service (Ramdhani 2021).

According to Dayat, M. (2019), consumers of educational services today are one of the main parties who can choose and determine which educational services they like and are interested in to meet their needs. It is a fact that quite a few educational institutions, especially private ones, find it quite difficult to find prospective students, so that quite a few educational institutions experience a decline in the number of applicants from year to year, and quite a few educational institutions even have to close due to a lack of students because they are no longer able to cover operational costs every month.

Consumer loyalty in general can be interpreted as a person's loyalty to a product, both certain goods and services. Consumer loyalty is a manifestation and continuation of consumer satisfaction in using the facilities and services provided by the company, as well as in remaining a consumer of the company. Loyalty is proof that consumers have a positive attitude towards the company. Loyal consumers make repeat purchases because the product satisfies them, according to Mekel, V. R. et al, (2022). There are several factors that affect consumer loyalty including price, customer satisfaction, and excellent service.

Price is the nominal cost that is offered by the seller to the buyer or consumer to be exchanged for an item, either a product or service. In other words, the consumer must pay the price offered by the seller to obtain an item or service. Therefore, biMBA AIUEO chose to offer affordable prices so as not to burden parents when compared to other competing educational institutions.

Price can have a significant positive effect on consumer loyalty Thungasal, C. E. (2019). There are also research results which state that price can have a negative and significant effect on loyalty (Month, 2016).

Daryanto and Setyobudi in 2014 define customer satisfaction as a state or feeling of pleasure that is obtained when the goods match the needs and desires of the buyer. According to Bricci, Fragata, and Antunes (2016) customer satisfaction is a factor that generates trust in companies that offer goods or services.

According to Ratminto (2017), excellent service is a form of service activity carried out by public service providers as an effort to fulfill the needs of service recipients and the implementation of statutory provisions. Sari and Bela (2017) stated that excellent service is a service that has fulfilled consumer demand standards.

Service excellence is a pattern of service that prioritizes customers' concerns and meets consumer expectations. BiMBA AIUEO provides excellent service to parents of students by holding synchronous online communications to provide free parenting and information about what material is currently being studied by children and provides video tutorials on how to deliver the learning module so that people parents can also guide their children at home in the

same way and with the same method. This is different from the services provided by other biMBA AIUEO competitor educational institutions.

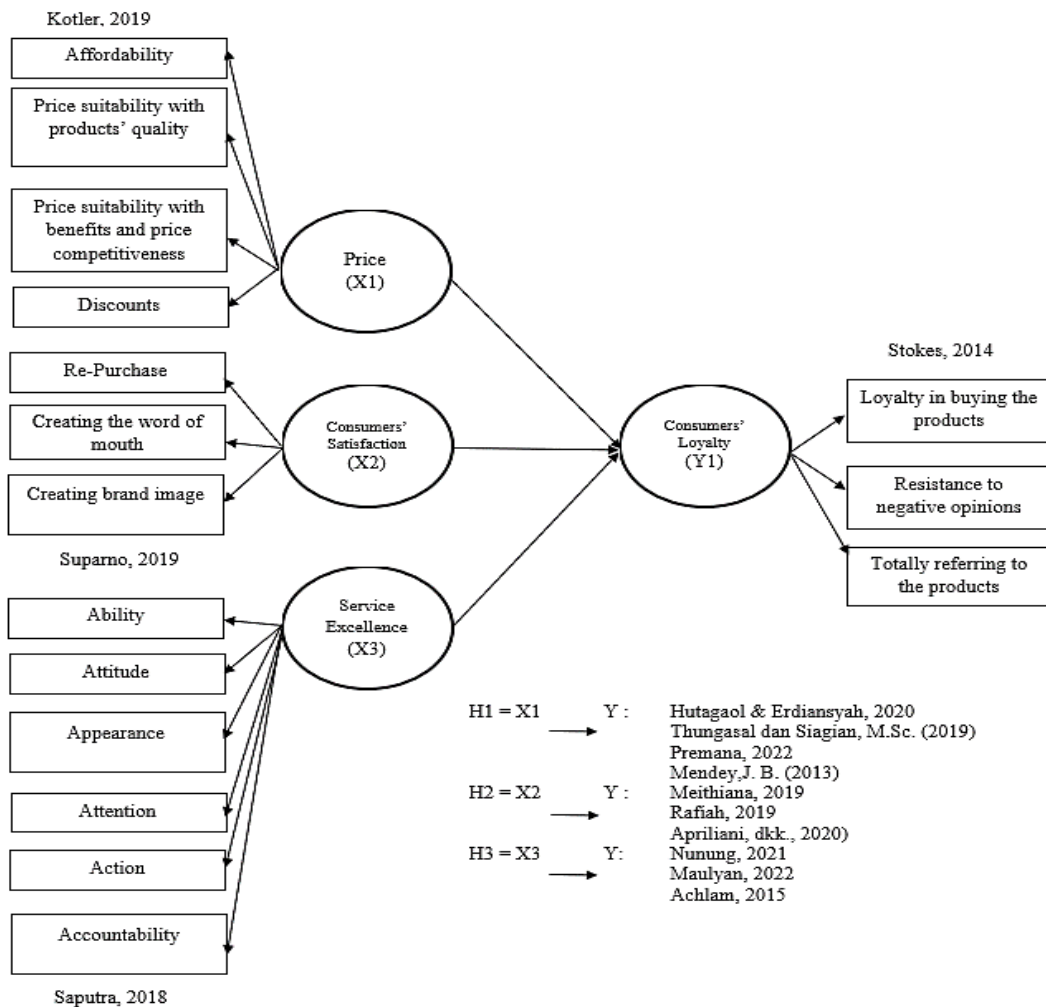
Maulyan, et al., (2020), found that excellent service has a positive effect on consumer loyalty, but other studies have stated that excellent service has no significant negative effect on consumer loyalty (Nurohmah & Guritno, 2023).

The research gap that this study seeks to fill was that there is no research on what affects customer loyalty for biMBA AIUEO.

RESEARCH METHOD

This research uses a quantitative approach and the aim of this research is to explain causal relationships in the form of influence between variables through hypothesis testing. There is one dependent variable (consumer loyalty) and three independent variables (price, customer satisfaction, and excellent service). Associative research is research that aims to determine the relationship between two or more variables. With this research, a theory can be built that can function to explain, predict and control a phenomenon (Khoiri, 2012).

Figure 1. The Concept of This Research:



The type of data used in this research is quantitative data. Quantitative data is data obtained in the form of numbers or numeric and can be calculated and measured obtained from research objects. The data source in this research is primary data. Primary data is data obtained directly from research respondents through interviews or questionnaires in the field containing statements to respondents in the hope that they can respond to the list of questions or statements using a modified measurement scale using a rating scale from 1-5, where the scale is 1 (strongly disagree) to 5 (strongly agree). Research data collection is explained in detail according to the collection method which was actually carried out in a detailed process.

Table 1. Research Variables' Indicators

Variables & Definitions	Indicators	Scale
Consumer Loyalty Consumer loyalty is a strong positive attitude towards a particular brand or company followed by consistent purchasing patterns (Simamora, J. M. (2021))	1. Repeat purchase (loyalty to product purchases). 2. Rentetion (resistance to negative influences on the company). 3. Referalls (referring to the company's total existence).	Interval - 10
Price Price can be described as the exchange value of a product and can create customer loyalty and customer satisfaction (Khayru et al., 2021)	1. Affordability 2. Conformity of price with product quality 3. Price compatibility with benefits and price competitiveness 4. Discounts and price discounts	Interval 1 - 10
Customer satisfaction Customer satisfaction is a condition or feeling of pleasure that is obtained if the goods match the buyer's needs and desires (Daryanto Setyobudi, 2014, p. 90)	1. Re-Purchase 2. Creating Word of Mouth 3. Creating a Brand Image 4. Create purchasing decisions at the same company	Interval 1 - 10
Service Excellent service is the best service in meeting customer expectations and needs (Setiawati, R., & Aji, P. S. T. 2020)	1. Ability (ability) 2. Attitude 3. Appearance 4. Attention	Interval 1 - 10

The variables of this research consist of the dependent variable, namely Consumer Loyalty (Y), while the independent variables in this research are factors that influence consumer loyalty at biMBA AIUEO, namely: Price (X1), Customer Satisfaction (X2), and Excellent Service (X3). This was measured by using the data that respondents gave in the questionnaires that were distributed. The Likert scale is a psychometric scale that is often used in questionnaires and is commonly used in research in the form of research surveys that have four or more types of statements that cover individual characteristics such as knowledge, attitudes and behavior in the form of statements combined with a score/value (Ghozali, 2019).

The population in this study are consumers/service users, namely parents who send their children to biMBA AIUEO. The sampling method that will be used by researchers is simple random sampling. The number of samples needed to confirm the theory and to show the

relationship between variables should be between 30-100 respondents (Ghozali, 2014) and (Crestofel, et al., 2016).

Respondents are asked to provide responses that can be measured through predetermined answer options. Researchers made direct observations on biMBA AIUEO consumers using participatory observation techniques as research objects regarding the influence of price, customer satisfaction and excellent service on consumer loyalty.

RESULTS AND DISCUSSIONS

Table 2. Respondent Profile Based on Characteristics

Characteristics	Category	Frequency	Percentage
Gender	Males	18	18,0%
	Females	82	82,0%
	Employee	35	35,0%
Occupation	Business owner	4	4,0%
	Stay-home Moms	35	35,0%
	Others	26	26,0%

Source: Research data processed in 2023

Based on table 2 above, the majority of biMBA AIUEO consumers are female with a percentage of 82.0%, 35.0% of which work for companies and 35% are stay-home moms.

Table 3. T Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.215	3.020		.402	.688
	Harga	.132	.078	.152	1.696	.093
	Kepuasan Pelanggan	.413	.079	.409	5.254	<.001
	Pelayanan Prima	.367	.078	.385	4.683	<.001

a. Dependent Variable: Loyalitas Konsumen

Source: Research data processed in 2023

H1: price has an effect on consumer loyalty. It is known that the sig value for the effect of X1 on Y is 0.093 > 0.05 and the t count value is 1.696 < t table 1.985 so it can be concluded that H1 is rejected, which means that there is no influence of X1 on Y.

H2: customer satisfaction affects consumer loyalty. It is known that the sig value for the effect of X2 on Y is 0.001 < 0.05 and the t count value is 5.254 > t table 1.985 so it can be concluded that H2 is accepted which means that there is an influence of X2 on Y.

H3: excellent service affects consumer loyalty. It is known that the sig value for the effect of X3 on Y is 0.001 < 0.05 and the t count is 4.683 > t table 1.988 so it can be concluded that H3 is accepted, which means that there is an influence of X3 on Y.

Table 4. Test Results for the Coefficient of Determination (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.550	.536	1.949

a. Predictors: (Constant), Pelayanan Prima, Kepuasan Pelanggan, Harga

Source: Research data processed in 2023

Based on the table 4 output above, it is known that the adjusted R Square value is 0.550. This means that the partial influence of variables X1, X2, X3 partially to Y is 55.0% indicating the magnitude of the influence of variables X1, X2 and X3 on Y, while the remaining 45% is influenced by other variables not examined by researchers.

Measurement of research variables was carried out using a questionnaire developed from the indicators for each research variable. From the results of the validity test on each research variable, it was found that the questionnaire was valid and reliable.

The results of the analysis test showed that the data was normally distributed. The multicollinearity test did not have a data multicollinearity problem. The multicollinearity test autocorrelation does not have data autocorrelation problems and the heteroscedasticity test does not have data heteroscedasticity problems.

(1) Based on the results of the analysis conducted, it can be concluded that H1 is rejected, which means that X1 has a positive but not significant effect on Y; (2) Based on the results of the analysis carried out, it can be concluded that H2 is accepted, which means that there is an influence of X2 on Y; (3) Based on the results of the analysis carried out, it can be concluded that H3 is accepted, which means that there is an influence of X3 on Y.

CONCLUSION

Based on the results of the research and discussion, the results obtained from the research analysis on the effect of price, customer satisfaction, and consumer loyalty on consumer loyalty are as follows: 1) The price offered by biMBA AIUEO has a positive but insignificant effect on consumer loyalty of biMBA AIUEO. This means that all consumers do not mind the price so that whether the price offered is large or small does not affect consumer loyalty; 2) Customer satisfaction provided by biMBA AIUEO is stated to have a significant effect on consumer loyalty. The strong customer satisfaction is because biMBA AIUEO provides services that are in line with consumer expectations; 3) The excellent service provided by biMBA AIUEO has a significant positive effect on consumer loyalty. The strong role of this variable is because biMBA AIUEO has succeeded in providing the best service pattern to prioritize consumer care.

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