
*The Effect Of Product Quality And Price On Consumer Satisfaction
With Service Quality As An Intervening Variable (Case Study On
Msmes Martabak Nagih Manado)*

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Abstract: Qtransformation in various sectors there's a lot happen in through out the industrial revolution 4.0, whether prepared or not. The business world will be one that feels a significant impact from this progress. Clearly, the business sector will experience various changes, including those affecting Micro, Small and Medium Enterprises (MSMEs), especially Martabak Nagih Mando. One of the factors that will change and influence the business sector is the Internet of Things (IoT), which emphasizes the importance of using the internet in business operations. The aim of the research is to analyze the influence of product quality, price and service quality on consumer satisfaction and to test the influence of service quality as a mediator on product quality and quality on consumer satisfaction of Martabak Nagih Manado MSMEs. The population in the research was consumers who used Indonesian Standard QR (QRIS) at MSME Martabak Nagih Manado. The sample in this study used a sampling quota of 100 respondents among Martabak Nagih Manado consumers. The analysis method uses a structural equation model with the AMOS version 24 application. The research results show that product quality and price have a positive and significant effect on the service quality of Martabak Nagih Manado MSMEs. Then, product quality, price and service quality have a positive and significant effect on consumer satisfaction of Martabak Nagih Manado MSMEs. Apart from that, service quality can act as a mediator in the relationship between product quality and price on consumer satisfaction at Martabak Nagih Manado MSMEs.

Key words: Product Quality, Price, Service Quality, Consumer Satisfaction

INTRODUCTION

Background. In this era of development, various advances have occurred that have had a significant impact on the world economy. In the era of globalization, economic actors are faced with demands to keep up with current developments in order to achieve maximum results. This is a challenge in itself for them. There are many improvements that need to be made by business actors, not only in terms of production, but also in maintaining relationships between sellers and buyers. Especially in the era of globalization, transactions between sellers and buyers are not only carried out offline, but also online. Therefore, quality and customer trust must continue to be maintained. In the midst of this digital era, the emergence of various marketplaces also has a significant impact on business actors.

The role of Micro, Small and Medium Enterprises (MSMEs) in the Indonesian economy is very vital, being one of the business sectors that is able to consistently develop on a national scale. MSMEs not only play a role in creating new jobs, but also increase people's income, act as drivers of national economic growth, and have other positive impacts. MSMEs are centers of innovation and creativity, adopting this strategy to remain competitive with competitors, making the products or services produced remain relevant to current developments and trends.

Creating satisfaction for consumers can be achieved by providing the best quality service in the Micro, Small and Medium Enterprises (MSME) environment. Thus, consumers have a basis for comparison between the level of satisfaction and service from the products they have received. This process can encourage them to make repeat purchases and submit recommendations to other people to buy products in the same place. Therefore, MSMEs need to understand the urgency of providing superior service to consumers carefully, considering that this has a huge impact on the level of customer satisfaction. The level of customer satisfaction is a crucial aspect that influences the ability of MSMEs to survive in the business world and win the competition.

Situations like those mentioned above often occur in UMKM Martabak Nagih Manado, where its existence attracts a number of customers who are loyal and loyal to the products offered. Customer trust and loyalty cannot be separated from the level of satisfaction they have achieved in accordance with their expectations. Apart from product quality, price also has a significant influence on consumer satisfaction. The price factor can have a positive impact on customer satisfaction because affordable prices can encourage repeat purchases. This principle of course also applies to Martabak Nagih Manado. Apart from price, there is also the quality of service, especially payment using QRIS. QRIS is a national QR code standard launched by Bank Indonesia and the Indonesian Payment System Association to integrate all non-cash payment methods in Indonesia. QRIS can be used for all smartphones with a QR code scanner. Therefore, consumers find it easier to make digital payments and Martabak Nagih Manado MSMEs can make it easier to prepare their financial reports. In relation to sales and consumers at UMKM Martabak Nagih Manado in Table 1. as follows:

Table 1. Consumers in MSMEs Martabak Nagih Manado

Year	Consumer
2021	10,950
2022	16,425
2023	18,250

Source: processed data, 2023

Table 1, sales and the number of consumers at UMKM Martabak Nagih Manado continue to increase from 2021 to 2023. This increase can be attributed to the quality of the products offered, affordable prices, and the quality of payment services using QRIS which provides convenience to consumers. Therefore, consumers feel satisfaction with the services provided by MSME Martabak Nagih Manado.

In several previous studies, there were differences in the impact of product and price on customer satisfaction. According to Prasetio and Cyasmoro (2022), they concluded that both product and price have a positive and significant influence on customer satisfaction at Martabak Mertua in Bogor. On the other hand, research conducted by Veronika et al., (2018) states that products have a positive and significant influence on customer loyalty. However, price does not have a positive impact on customer loyalty at Martabak Brengos (D'Mrongos) Solo. From the phenomenon and description of the background problems above, researchers are interested in choosing a title regarding the influence of products and prices on consumer satisfaction with service quality as an intervening variable (Study on UMKM Martabak Nagih Manado).

Research purposes

The aim of this research is to understand and analyze:

1. To analyze the influence of product quality on service quality at Martabak Nagih Manado MSMEs.
2. To analyze the effect of price on service quality at Martabak Nagih Manado MSMEs.
3. To analyze the influence of product quality on consumer satisfaction at Martabak Nagih Manado MSMEs.
4. To analyze the effect of price on consumer satisfaction at Martabak Nagih Manado MSMEs.
5. To analyze the influence of service quality on consumer satisfaction at Martabak Nagih Manado MSMEs.
6. To analyze the influence of product quality on consumer satisfaction, mediated by service quality at Martabak Nagih Manado MSMEs.
7. To analyze the influence of price on consumer satisfaction mediated by service quality at Martabak Nagih Manado MSMEs.

LITERATURE REVIEWS

Marketing Management

According to Kotler and Keller (2017:6), marketing management is an effort to attract, retain and increase the number of consumers by creating and providing good sales quality. Tjiptono (2016:63) revealed that marketing management as a whole is a company's approach to running a business, which involves the preparation, determination and distribution of products, services and ideas aimed at meeting the needs of the target market.

Consumer Satisfaction

According to Kotler (2017) consumer satisfaction is a person's feeling of happiness or disappointment that arises after comparing his or her perception/impression of (performance or results) of a product and his or her expectations.

Service Quality

Kotler and Keller (2016: 156) describe service quality as the totality of features and characteristics of a product or service that has the capacity to satisfy stated or implied needs.

Product quality

According to Kotler and Keller (2016:37), product quality is the ability of a product to carry out its functions, involving aspects of durability, reliability and accuracy obtained as a whole.

Price

According to Kotler & Armstrong (2018), price is the total amount of money charged for a service or product, whether in the form of goods or services. Price also includes the value of benefits that customers receive after obtaining the product or service.

Previous Research

Research Model and Hypothesis

Research Model

For examiners, the influence of product quality and price on consumer satisfaction is mediated by service quality. You can see Figure 1 below:

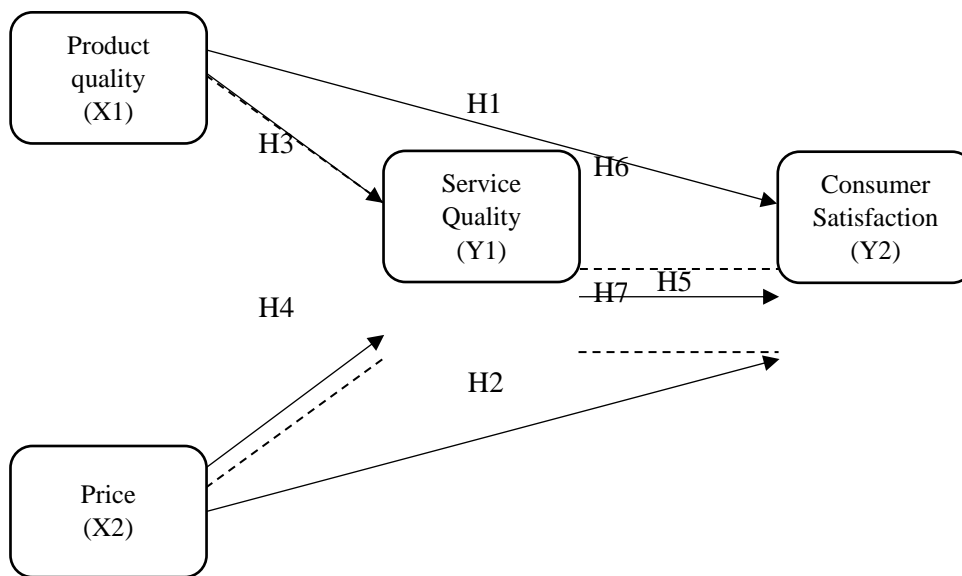


Figure 1. Research Model

Source: Data processing, 2023

Sekaran and Bougie (2017) define a hypothesis as a tentative, testable statement that predicts what is expected to be found in empirical data. Based on the main problems described above, the following hypothesis is presented as a response or temporary conjecture in the context of this research, namely as follows:

1. H1 is suspected, product quality has a positive and significant influence on service quality at Martabak Nagih Manado MSMEs.
2. H2 is suspected, price has a positive and significant influence on service quality at Martabak Nagih Manado MSMEs.
3. H3 is suspected, product quality has a positive and significant influence on consumer satisfaction at Martabak Nagih Manado MSMEs.

4. It is suspected that H4, price has a positive and significant influence on consumer satisfaction at Martabak Nagih Manado MSMEs.
5. H5 is suspected, service quality has a positive and significant influence on consumer satisfaction at Martabak Nagih Manado MSMEs.
6. H6 is suspected, service quality can mediate the relationship between product quality and consumer satisfaction at Martabak Nagih Manado MSMEs.
7. H7 is suspected, service quality can mediate the relationship between price and consumer satisfaction at Martabak Nagih Manado MSMEs.

RESEARCH METHODS

A quantitative approach is applied with the aim of researching a particular population or sample and testing hypotheses that have been previously formulated (Sugiyono, 2017).

Location and Place of Research

The object of this research is UMKM Martabak Nagih Manado. Jl. Sam Ratulangi, Winangun Satu, Kec. Malalayang, Manado City, North Sulawesi 95113.

Research Population and Sample

Quota sampling is a technique for determining a sample from a population that has certain characteristics up to the desired number (quota). Based on consumers who use Indonesian Standard QR (QRIS) at Martabak Nagih Manado MSMEs. Researchers took a total sample of 100 respondents.

Data analysis

The data processing method in this research utilizes the Structural Equation Modeling (SEM) approach. SEM is a development of path analysis, where the causal relationship between exogenous variables and endogenous variables can be analyzed more thoroughly, as explained by Abdullah (2015).

Data analysis technique

There are two types of data analysis techniques used in this research, namely using descriptive statistical analysis, and the path analysis method with the help of SPSS AMOS 25 software. This AMOS program is used to assist in analyzing data.

RESEARCH RESULTS AND DISCUSSION

Normality Test Results

The results of the multivariate normality test show that the data critical ratio CR is $2.388 \leq 2.58$, meaning the data is normally distributed.

Path Analysis Diagram

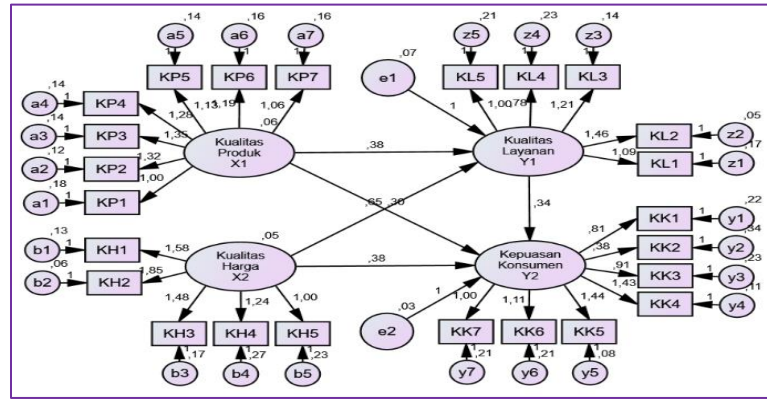


Figure 2. Research Model

Source: AMOS Output, 2023

Hypothesis testing

Hypothesis testing is carried out to respond to the questions in this research or to analyze relationships in the structural model. Hypothetical data analysis can be seen from the standardized regression weight value, which reflects the coefficient of influence between variables. Hypothesis test results can be found in Table 2 as follows:

Table 2. Regression Weight Model

Variables			Estimate	S.E	CR	P
Service Quality (Y1)	←	Product Quality (X1)	0.379	0.165	2,298	0.022
Service Quality (Y1)	←	Price Quality (X2)	0.649	0.247	2,625	0.009
Consumer Satisfaction (Y2)	←	Product Quality (X1)	0.295	0.141	2,094	0.036
Consumer Satisfaction (Y2)	←	Price Quality (X2)	0.382	0.189	2,023	0.043
Consumer Satisfaction (Y2)	←	Service Quality (Y1)	0.339	0.129	2,633	0.008

Source: AMOS processed data, 2023

Based on Table 2. Regression weight model, the influence of the variables can be explained as follows:

1. The influence of product quality (X1) on service quality (Y1) obtained CR $2.298 \geq 1.660$ and $P 0.022 \leq 0.05$. This means that product quality has a positive and significant effect on service quality at UMKM Martabak Nagih Manado. So hypothesis one (H1) is accepted.
2. The effect of price quality (X2) on service quality (Y1) obtained CR $2.625 \geq 1.660$ and $P 0.009 \leq 0.05$. This means that price quality has a positive and significant effect on service quality at UMKM Martabak Nagih Manado. So hypothesis two (H2) is accepted.
3. The influence of product quality (X1) on consumer satisfaction (Y2) obtained CR $2.094 \geq 1.660$ and $P 0.036 \leq 0.05$. This means that product quality has a positive and significant effect

onconsumer satisfactionat UMKM Martabak Nagih Manado. So hypothesis three (H3) is accepted.

4. The effect of price quality (X2) onconsumer satisfaction(Y2) obtained CR 2.023 ≥ 1.660 and P 0.043 ≤ 0.05 This means that price quality has a positive and significant effect onconsumer satisfactionat UMKM Martabak Nagih Manado. So hypothesis four (H4) is accepted.
5. The influence of service quality (Y1) onconsumer satisfaction(Y2) obtained CR 2.633 ≥ 1.660 and P 0.008 ≤ 0.05 This means that service quality has a positive and significant effect onconsumer satisfactionat UMKM Martabak Nagih Manado. So hypothesis five (H5) is accepted.

Hypothesis testing

Two Tailed Significance (BC)

To test the mediating variable of service quality on product quality and price quality on consumer satisfaction, it can be seen in Table 3, as follows:

Table 3. Indirect Effect Test Results in Two Tailed Significance

	Quality Price X2	Product Quality X1	Y1 Service Quality	Y2 Consumer Satisfaction
Y1 Service Quality	0,000	0,000	0,000	0,000
Y2 Consumer Satisfaction	0.031	0.029	0,000	0,000

Source: AMOS processed data, 2023

Based on Table 3. Indirect effect in two tailed significance, as follows:

1. Service quality can mediate the relationship between product quality and consumer satisfaction with a significant value of 0.029. So hypothesis six (H6) is accepted.
2. Service quality can mediate the relationship between price quality and consumer satisfaction with a significant value of 0.031. So hypothesis seven (H7) is accepted.

Goodness of Fit Model Test Results

The goodness of fit test is used to test the significance of the model in explaining the relationship between variables as hypothesized.

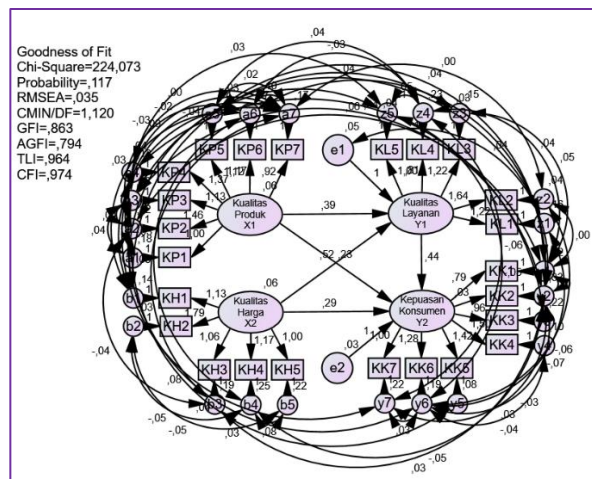


Figure 3. Research Model*Source: AMOS Output, 2023*

Table 4 Goodness of Fit Index as follows:

Table 4. Goodness of Fit Index

Goodness of Fit Index	Cut Off Value	Results	Criteria
Chi Square	Expected to be Small	224,073	Fit
RMSEA	≤ 0.08	0.035	Fit
GFI	≥ 0.90	0.863	Unwell
AGFI	≥ 0.90	0.794	Unwell
TLI	≥ 0.95	0.964	Fit
CFI	≥ 0.95	0.974	Fit
CMIN/DF	≤ 2.00	1,120	Fit

*Source: AMOS processed data, 2023***Discussion****The influence of product quality on service quality at Martabak Nagih Manado**

Product quality positively and significantly influences service quality at Martabak Nagih Manado. This means that employees at Martabak Nagih Manado are able to present quality products according to consumer needs, and consumers feel that Martabak Nagih Manado products have a delicious taste and can be trusted. This finding is in line with the research results of Idrus et al., (2021), which stated that product and service quality can increase competitive advantage and customer satisfaction in East Java SMEs. The results of this research are also in line with the findings of Sari and Asikin (2023), who stated that products influence the quality of service for MSMEs in Wawarungan Ijot Cimahi.

The influence of price quality on service quality at Martabak Nagih Manado

Price quality has a positive and significant influence on service quality at Martabak Nagih Manado. This means that the product prices offered by Martabak Nagih Manado are similar to the prices offered by other Martabak. Furthermore, consumers feel that the prices offered at Martabak Nagih Manado are in accordance with their purchasing power. This finding is in line with the research results of Chaerudin and Syafarudin., (2021), which stated that price and service quality influence consumer satisfaction.

The influence of product quality on consumer satisfaction at Martabak Nagih Manado

Product quality positively and significantly influences consumer satisfaction at Martabak Nagih Manado. This means that the quality of Martabak Nagih Manado products shows good durability, and the information conveyed about the product is in accordance with the quality of the product. This finding is in line with the research results of Prasetio and Cyasmoro (2022), which stated that product quality has a positive and significant effect on consumer satisfaction at Martabak Mertua in Bogor. The results of this research are also in line with the findings of Oktaviani and Leksono

(2022), who stated that product quality has a positive and significant effect on consumer satisfaction at Martabak Hawaii Warujayeng.

The influence of price quality on consumer satisfaction at Martabak Nagih Manado

Price quality has a positive and significant influence on consumer satisfaction at Martabak Nagih Manado. This means that the variation in product prices offered by Martabak Nagih Manado allows consumers to choose according to their preferences and is considered affordable. Consumers feel that Martabak Nagih Manado products have variations to suit their tastes and prices that are accessible. This finding is in line with the research results of Prasetio and Cyasmoro (2022), which stated that price quality has a positive and significant effect on consumer satisfaction at Martabak Mertua in Bogor. The results of this research are also in line with the findings of Oktaviani and Leksono (2022), who stated that price quality has a positive and significant effect on consumer satisfaction at Martabak Hawaii Warujayeng.

The influence of service quality on consumer satisfaction at Martabak Nagih Manado

Service quality has a positive and significant impact on consumer satisfaction at Martabak Nagih Manado. This means that consumers feel that using QRIS at Martabak Nagih Manado is easy to use. Apart from that, consumers also realize that by using QRIS, they can make transactions more quickly at Martabak Nagih Manado. This finding is in line with the research results of Annisa et al., (2021), which stated that service quality has a positive and significant effect on consumer satisfaction of Djoin Cafe MSMEs in Wonomulyo District, Polewali Mandar Regency. The results of this research are also in line with the findings of Sumarlinah et al., (2022), who stated that service quality had a positive and significant effect on consumer satisfaction of Probolinggo MSMEs during the Covid-19 pandemic.

The influence of product quality on consumer satisfaction is mediated by service quality at Martabak Nagih Manado

Product quality has a significant impact on consumer satisfaction with service quality as a mediator, with a significant value of 0.029 at Martabak Nagih Manado. This means that consumers feel that the QRIS service allows them to make transactions more quickly at Martabak Nagih Manado. Furthermore, consumers feel safe and comfortable when making transactions using QRIS services at Martabak Nagih Manado.

The effect of price quality on consumer satisfaction is mediated by service quality at Martabak Nagih Manado

Price quality has a significant influence on consumer satisfaction mediated by service quality, with a significant value of 0.031 at Martabak Nagih Manado. The research findings confirm the proposed hypothesis, that price quality has a significant effect on consumer satisfaction through the mediation of service quality. In other words, consumers feel that using the QRIS service is easy to use at Martabak Nagih Manado. Furthermore, consumers feel safe and comfortable when making transactions using QRIS services at Martabak Nagih Manado.

CLOSING

Conclusion

The results of this research show that key factors such as product quality, price and service quality have a very positive role in consumer satisfaction at Martabak Nagih Manado as follows:

1. Product quality has a positive and significant relationship to service quality at Martabak Nagih Manado.
2. Price quality has a positive and significant relationship to service quality at Martabak Nagih Manado.
3. Product quality has a positive and significant relationship to consumer satisfaction at Martabak Nagih Manado.
4. Price quality has a positive and significant relationship to consumer satisfaction at Martabak Nagih Manado.
5. Service quality has a positive and significant relationship to consumer satisfaction at Martabak Nagih Manado.
6. Service quality can mediate the relationship between product quality and consumer satisfaction at Martabak Nagih Manado.
7. Service quality can mediate the relationship between price quality and consumer satisfaction at Martabak Nagih Manado.

Suggestion

Based on the results of the discussion and existing problems, the following suggestions can be found:

1. The hope is to maintain product quality and continue to improve it, including variations in the martabak menu, martabak portions and taste, so that consumers feel satisfied and do not experience boredom. Efforts are also made to increase promotions with the aim of attracting new consumers, creating a positive image for the business, and keeping revenues stable.
2. To increase consumer satisfaction at Martabak Nagih Manado, it is necessary to continue to pay attention to price variables by maintaining the suitability and affordability of martabak prices. By implementing product quality and price quality effectively and efficiently, it is hoped that consumer satisfaction at Martabak Nagih Manado will continue to increase.
1. This research identifies two independent variables and one mediating variable that have an impact on one dependent variable. As a suggestion for further research, it is recommended to add additional variables that have not been included in this study. Future research is expected to explore promotion and customer satisfaction variables that are part of Micro, Small and Medium Enterprises (MSMEs).

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