

# Exploring dimensions of customer satisfaction: An analysis of determinant factors in the experience of consuming AG Food

Meta Yoga Ariana\*<sup>1</sup>, Nur Azizah<sup>2</sup>

<sup>1,2</sup>Master of Management Study Program, Faculty of Economics and Business, Tanjungpura University, Indonesia

## ARTICLE INFO

### Article history:

Received Feb 6, 2024

Revised Feb 20, 2024

Accepted Mar 1, 2024

### Keywords:

AG Food;

Price;

Product Quality;

Service Quality;

User Satisfaction.

## ABSTRACT

Increasing competition in the organic food market, including AG Food products, faces challenges from other food brands that are considered healthier. This study aims to analyze the factors that influence customer satisfaction in consuming AG Food products and services. This research was conducted using the Partial Least Square-Structural Equation Modeling (PLS-SEM) method with a sample of 128 active students at Tanjungpura University. The results showed that service quality and price have a significant influence on user satisfaction. Meanwhile, product quality has no influence on user satisfaction. This research provides insight for AG Food and other culinary businesses to understand the factors that influence customer satisfaction and can improve their business performance in a competitive market.

*This is an open access article under the CC BY-NC license.*



### Corresponding Author:

Meta Yoga Ariana,

Faculty of Economics and Business,

Tanjungpura University,

Jl. Profesor Dokter H. Hadari Nawawi, Bansir Laut, 78124, Indonesia.

Email: b2042221015@student.untan.ac.id

## 1. Introduction

Various types of businesses, including the culinary business, develop over time. Entrepreneurs engaged in this industry are trying to take advantage of people's increasingly simple lifestyles and do not want to bother with everything, including food (Dennisa et al., 2016). Food and beverages have become the basic needs of every human being. This reason makes a business opportunity for MSMEs to enter the food and beverage business by considering the population of the area. One of the food businesses is related to frozen food. This product is known as a practical food, easy to serve because it only takes a short time to turn it into cooked food (Setyowati & Wiyadi, 2016).

In this modern era, all companies face increasingly fierce competition in the business world. This is evidenced by the increasing number of new entrants or new companies entering the market with various strategies to attract as many consumers as possible (Muhammad et al., 2021). The increasing intensity of competition and the number of competitors require every company to always pay attention and meet the needs and expectations of consumers. Customer satisfaction is the main key for a company to win the competition (Dennisa et al., 2016).

Customer satisfaction is a key factor that determines the success of a business in a competitive market (Dam & Dam, 2021; Ahmed et al., 2020; Kurdi et al., 2020). In the dynamic landscape of commerce, where numerous enterprises vie for consumer attention and loyalty, the degree to which customers are content with a company's products or services directly influences its overall success (Otto et al., 2020; Wulandari, 2022). Satisfied customers are more likely to remain loyal, make repeat purchases, and contribute positively to the company's reputation through word-of-mouth recommendations (Khan et al., 2022). In contrast, dissatisfied customers may seek alternatives, resulting in potential revenue loss and tarnished brand image (Khairawati, 2020; Ali et al., 2021). Hence, businesses prioritize strategies and initiatives aimed at

enhancing customer satisfaction, recognizing it not only as a performance metric but also as a strategic advantage that can foster long-term sustainability and growth in today's competitive business environment. Therefore, understanding the factors that influence customer satisfaction is essential for businesses to improve their performance. One business that faces a high level of competition is the organic food industry. Organic food can be defined as food that is produced without the use of synthetic chemicals (pesticides, fertilizers, hormones, and antibiotics) (Ong et al., 2022). Organic food is certainly healthier, safer and more environmentally friendly than conventional food. Organic food does tend to be more expensive, in short supply, and less diverse than conventional food.

AG Food is one of the organic food brands in Indonesia that offers various types of products such as rice, vegetables, fruits, eggs, milk, and meat. AG Food faces many challenges from other organic food brands and also from conventional food brands (Supana et al., 2021). Therefore, AG Food needs to understand the factors that influence customer satisfaction with its products and services. The purpose of this study is to explore and analyze the dimensions of customer satisfaction with AG Food's products and services. To be clear, this study analyzes the relationship of service quality, product quality, and price to customer satisfaction.

The previous research provides a comprehensive background on the significance of customer satisfaction in the business world, emphasizing its critical role in determining the success of a company, especially in a competitive market. It recognizes customer satisfaction as a key factor influencing customer loyalty, repeat purchases, and positive word-of-mouth recommendations, all of which contribute to a company's overall reputation and sustainability. However, the current work focuses specifically on AG Food, an organic food brand in Indonesia, and aims to analyze the dimensions of customer satisfaction with its products and services. The identified gaps in the previous research that are addressed in the current study include the lack of specific attention to the organic food industry, where AG Food operates. The study aims to explore and analyze the factors influencing customer satisfaction within the context of the organic food sector, considering the unique challenges and characteristics associated with organic products. The research narrows down the focus to AG Food, recognizing the specific challenges it faces from both other organic food brands and conventional food brands. By exploring the dimensions of customer satisfaction, such as service quality, product quality, and price, the study aims to provide insights that are directly applicable to AG Food's operations and help bridge the gap in understanding customer satisfaction within the context of the organic food industry.

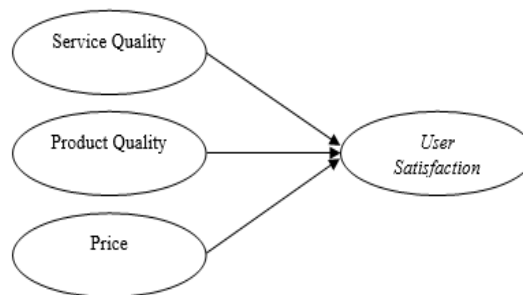
The urgency of the research lies in the evolving landscape of the culinary and organic food industry, driven by changing consumer behaviors and increasing competition. As various businesses, particularly in the culinary sector, adapt to people's simpler lifestyles and the growing demand for convenient food options, the research identifies a crucial business opportunity for Micro, Small, and Medium Enterprises (MSMEs) to enter the food and beverage market. The focus on frozen food, known for its practicality and quick preparation, further highlights the relevance of exploring consumer satisfaction within this segment. In the contemporary business world, companies face heightened competition, evident in the influx of new entrants employing diverse strategies to attract consumers. The escalating intensity of this competition necessitates a keen focus on meeting consumer needs and expectations, making customer satisfaction a pivotal key to success. Understanding the factors influencing customer satisfaction becomes imperative in this dynamic commercial landscape, where satisfied customers contribute significantly to a company's reputation and long-term success through loyalty and positive word-of-mouth.

The urgency is particularly pronounced in industries facing intense competition, such as the organic food sector. The organic food industry is characterized by its commitment to producing healthier, safer, and environmentally friendly alternatives. However, it also faces challenges, including competition from both organic and conventional food brands. AG Food, as one of the organic food brands in Indonesia, operates in this competitive environment, highlighting the need for a comprehensive understanding of the factors influencing customer satisfaction to stay competitive and sustain growth.

## 2. Research Method

This research was conducted in Pontianak on active students at Tanjungpura University with a management study program. The sample of this study was determined based on the following criteria: (1) respondents were active students of the management study program; (2) aged 18 to 35 years; (3) had or were consuming AG Food. There are four variables containing three independent variables and one dependent variable

(Figure 1). Data collection techniques using purposive sampling and questionnaires in the form of google forms and distributed online. Respondents who participated were 128 students. The data analysis technique used was Partial Least Square-Structural Equation Modeling (PLS-SEM) using Smart PLS 3 software



**Figure 1.** Conceptual model

This study aims to determine the effect of satisfaction in consuming AG Food using the variables of service quality, product quality, and price. When a model with five or fewer variables, the minimum number of respondents used is 100 respondents (Hair et al., 2019). The research hypothesis is as follows:

H<sub>1</sub> : service quality has a positive and significant effect on student user satisfaction in consuming AG Food.

H<sub>2</sub> : product quality has a positive and significant effect on student user satisfaction in consuming AG Food.

H<sub>3</sub> : Sales price has a positive and significant effect on student user satisfaction in consuming AG Food.

### 3. Results And Discussions

Based on the results of the questionnaire, 128 students participated. The factor loading value is said to be reliable when it is more than 0.7 (> 0.7) (Hair et al., 2019). In this study, the results show that the values of KL3, KL4, KL5 each show values less than 0.7. So it must be removed and retested. The test results are as follows:

**Table 1.** Factor Loading

Variables	Measurement Indicator	Factor Loading	Validity	
Service Quality	KL1	The facilities are complete.	0,938	Valid
	KL2	Employees are quick in serving customers.	0,853	Valid
	KL3	AG Food is always willing to respond to consumer complaints.	-	Invalid
	KL4	Employees have good knowledge in providing information.	-	Invalid
	KL5	Employees are polite and friendly.	-	Invalid
Product Quality	KP1	The quality of raw materials is good.	-	Invalid
	KP2	Has ingredients that are beneficial to the body.	0,940	Valid
	KP3	Easy to consume.	0,967	Valid
	KP4	The quality of the products used is reliable.	0,891	Valid
	KP5	Good product packaging.	0,921	Valid
Price	H1	The price offered is varied and affordable.	0,798	Valid
	H2	The price paid is in accordance with the quality received.	0,756	Valid
	H3	The price is comparable to the perceived benefits.	0,765	Valid
	H4	Prices can compete with other products.	0,745	Valid
User Satisfaction	US1	Eating AG Food is a good idea.	0,794	Valid
	US2	Products and services meet expectations.	0,769	Valid
	US3	Satisfied with the quality of service, variety of menus, and prices provided.	0,742	Valid

The validity analysis results show that the indicators on the Service Quality (KL1 and KL2) and Product Quality (KP2, KP3, KP4, KP5) variables are considered valid because they have high factor loading. Conversely, the indicators in KL3, KL4, KL5, and KP1 are considered invalid because their factor loading is not filled or low. In the Price variable, all indicators (H1, H2, H3, H4) are considered valid with a fairly high factor loading. Likewise, in the User Satisfaction variable (US1, US2, US3), all of which are considered

valid. Thus, this finding illustrates that most indicators have managed to measure the variable in question well, except for certain indicators that need further attention.

**Table 2.** Construct reliability and validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Service Quality	0,766	0,857	0,891	0,804
Product Quality	0,948	0,953	0,963	0,866
Price	0,768	0,771	0,850	0,587
User Satisfaction	0,665	0,681	0,812	0,591

Table 2. shows that the Cronbach's Alpha value is more than 0.7, which means it shows good consistency. All variables have an AVE value of more than 0.5, which means that the measurement model has good construct reliability. Therefore, all variables are valid for use in research and can be tested further. Discriminant validity can be determined by looking at the Fornell-Larcker Criterion value. The test results in Table 3. show that the correlation of variables with the variable itself is greater than the correlation of variables with other variables.

**Table 3.** Fornell-larcker criterion

	Service Quality	Product Quality	Price	User Satisfaction
Service Quality	0,897			
Product Quality	0,271	0,930		
Price	0,447	0,728	0,766	
User Satisfaction	0,437	0,539	0,704	0,769

Based on the Fornell-Larcker Criterion results, it can be interpreted that the Service Quality variable shows a high level of reliability with a coefficient of 0.897, indicating that the indicators used to measure service quality together are more consistent and valid in reflecting the concept. Similarly, the Product Quality variable shows a very high level of reliability with a coefficient of 0.930, indicating that the indicators are very effective in measuring the product quality latent variable. Meanwhile, the Price variable also has good reliability with a coefficient of 0.766, although it is slightly lower than the Service Quality and Product Quality variables. Finally, the User Satisfaction variable also shows high reliability with a coefficient of 0.769, confirming that the user satisfaction indicators consistently reflect the latent variable. Overall, these findings indicate that the measurement constructs in this study have a good level of validity and high consistency in measuring the latent variables represented by each of the construct variables.

**Table 4.** T statistics

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Service Quality -> User Satisfaction	0,158	0,159	0,067	2,348	0,019
Product Quality -> User Satisfaction	0,075	0,072	0,101	0,742	0,459
Price -> User Satisfaction	0,578	0,586	0,101	5,720	0,000

Table 4. shows the results of hypothesis testing, namely the bootstrapping resampling test. The hypothesis is accepted if the t-statistic value is more than 1.96 ( $> 1.96$ ) (Hair et al., 2019). The results show that the value of service quality and price each has a t-statistic value of 2.348 and 0.742 which means more than 1.96, so hypothesis 1 and hypothesis 3 are accepted. Meanwhile, hypothesis 2 is rejected because the t-statistic value shows a number 0.742 less than 1.96. The results showed that service quality and price have an influence on customer satisfaction. These results are in line with previous research which states that service quality and price have an influence on customer satisfaction (Nguyen et al., 2020)(Setiawan et al., 2020)(Alzoubi et al., 2020). However, it is different from product quality which shows that there is no influence on user satisfaction. This result is different from research Diputra & Yasa (2021) and Gunawan (2022) which states that there is an effect of product quality on user satisfaction.

#### 4. Conclusion

Based on the tests that have been carried out, service quality and price are the main factors that influence customer satisfaction in consuming AG Food. Meanwhile, product quality does not have a significant impact on customer satisfaction. This is similar to research conducted by Delima et al. (2019). This shows that how customers perceive the value and benefits of the services they receive, and how they compare with their expectations (Nascimento et al., 2018). On the other hand, product quality does not have a significant impact on customer satisfaction, because customers tend to focus on the process and results of service delivery. Previous research supports these results which also show that product quality has no effect on customer satisfaction (Bhowmick & Seetharaman, 2023). This contradicts the results of previous studies which show that product quality affects customer satisfaction (Blut et al., 2023). Apart from service quality, price is also a factor that influences customer satisfaction in adopting AG Food. The price received must match what is received. These findings underscore the importance of a differentiated understanding of the interplay between service quality, product quality and price in shaping the key landscape of consumer satisfaction.

This research makes a significant contribution by identifying that service quality and price are the main factors that influence customer satisfaction in consuming AG Food products in the organic food industry. These findings are in line with several previous studies, emphasizing the continued importance of these factors in influencing consumer satisfaction in various industries. Interestingly, product quality did not have a significant impact on customer satisfaction, contrary to the findings of several previous studies. This study underscores the importance of the perceived value and benefits perceived by customers, as well as the extent to which these are in line with their expectations. While noting the discrepancies with previous findings, this study confirms that, in addition to service quality, price also plays an important role in influencing customer satisfaction in adopting AG Food.

This research notes a difference with some previous studies that show that product quality affects customer satisfaction. Nonetheless, in addition to service quality, price is also an important factor influencing customer satisfaction in adopting AG Food. This study has limitations, such as focusing on AG Food without considering the broader context of the organic food industry, as well as the limitations of quantitative methods. Therefore, suggestions for future research include a more holistic approach, the use of combined methods, consideration of additional factors, and exploration of current trends to correct shortcomings and enrich understanding of consumer behavior in the organic food industry.

#### ACKNOWLEDGEMENTS

We would like to thank you for the insights gained from various literatures so that it can help complete this research. In addition, we would also like to thank Tanjungpura University for the support and guidance that has been provided. Friends and respondents who contributed to this research, we thank you very much.

#### References

- Ahmed, R. R., Romeika, G., Kauliene, R., Streimikis, J., & Dapkus, R. (2020). ES-QUAL model and customer satisfaction in online banking: Evidence from multivariate analysis techniques. *Oeconomia Copernicana*, 11(1), 59–93.
- Ali, B. J., Saleh, P. F., Akoi, S., Abdulrahman, A. A., Muhamed, A. S., Noori, H. N., & Anwar, G. (2021). Impact of service quality on the customer satisfaction: Case study at online meeting platforms. *Ali, BJ, Saleh, Akoi, S., Abdulrahman, AA, Muhamed, AS, Noori, HN, Anwar, G.(2021). Impact of Service Quality on the Customer Satisfaction: Case Study at Online Meeting Platforms. International Journal of Engineering, Business and Management*, 5(2), 65–77.
- Alzoubi, H., Alshurideh, M., Kurdi, B., & Inairat, M. (2020). Do perceived service value, quality, price fairness and service recovery shape customer satisfaction and delight? A practical study in the service telecommunication context. *Uncertain Supply Chain Management*, 8(3), 579–588.
- Bhowmick, A., & Seetharaman, A. (2023). Impact of product quality on customer satisfaction: A Systematic Literature Review. *Proceedings of the 2023 7th International Conference on Virtual and Augmented Reality Simulations*, 93–99. <https://doi.org/10.1145/3603421.3603434>
- Blut, M., Chaney, D., Lunardo, R., Mencarelli, R., & Grewal, D. (2023). Customer Perceived Value: A Comprehensive Meta-analysis. *Journal of Service Research*. <https://doi.org/10.1177/10946705231222295>
- Dam, S. M., & Dam, T. C. (2021). Relationships between service quality, brand image, customer satisfaction, and customer loyalty. *The Journal of Asian Finance, Economics and Business*, 8(3), 585–593.
- Delima, A., Ashary, H. M., & Usman, O. (2019). Influence of Service Quality, Product Quality, Price, Brand Image, and

- Promotion to Consumer Satisfaction Affecting on Consumer Loyalty (Online Shop). *SSRN Electronic Journal*, 1–15. <https://doi.org/10.2139/ssrn.3308707>
- Dennisa, E. A., Santoso, S. B., & Manajemen, J. (2016). Analisis Pengaruh Kualitas Produk, Kualitas Layanan, dan Citra Merek terhadap Loyalitas Pelanggan melalui Kepuasan Pelanggan sebagai Variabel Intervening (Studi pada Klinik Kecantikan Cosmedic Semarang). *Diponegoro Journal of Management*, 5(3), 1–13.
- Diputra, I., & Yasa, N. N. (2021). The influence of product quality, brand image, brand trust on customer satisfaction and loyalty. *American International Journal of Business Management (AIJBM)*, 4(1), 25–34.
- Gunawan, I. (2022). CUSTOMER LOYALTY: The Effect Customer Satisfaction, Experiential Marketing and Product Quality. *KINERJA: Jurnal Manajemen Organisasi Dan Industri*, 1(1), 35–50.
- Hair, J. F., Black, Jr, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate Data Analysis*. In *Pearson New International Edition*.
- Khairawati, S. (2020). Effect of customer loyalty program on customer satisfaction and its impact on customer loyalty. *International Journal of Research in Business and Social Science (2147-4478)*, 9(1), 15–23.
- Khan, R. U., Salamzadeh, Y., Iqbal, Q., & Yang, S. (2022). The impact of customer relationship management and company reputation on customer loyalty: The mediating role of customer satisfaction. *Journal of Relationship Marketing*, 21(1), 1–26.
- Kurdi, B., Alshurideh, M., & Alnaser, A. (2020). The impact of employee satisfaction on customer satisfaction: Theoretical and empirical underpinning. *Management Science Letters*, 10(15), 3561–3570.
- Muhammad, F., Maskan, S. E., & Bida, S. (2021). Pengaruh Kualitas Pelayanan, Fasilitas Dan Harga Terhadap Kepuasan Konsumen Restoran Brotta Suki Dan Bbq-Jakarta Pusat. *Jurna IKRAITH*, 4(1), 75–83.
- Nascimento, B., Oliveira, T., & Tam, C. (2018). Wearable technology: What explains continuance intention in smartwatches? *Journal of Retailing and Consumer Services*, 43(August 2017), 157–169. <https://doi.org/10.1016/j.jretconser.2018.03.017>
- Nguyen, D. T., Pham, V. T., Tran, D. M., & Pham, D. B. T. (2020). Impact of service quality, customer satisfaction and switching costs on customer loyalty. *The Journal of Asian Finance, Economics and Business*, 7(8), 395–405.
- Ong, A. K. S., Prasetyo, Y. T., Mariñas, K. A., Perez, J. P. A., Persada, S. F., Nadlifatin, R., Chuenyindee, T., & Buaphiban, T. (2022). Factors Affecting Customer Satisfaction in Fast Food Restaurant “Jollibee” during the COVID-19 Pandemic. *Sustainability*, 14(22), 15477. <https://doi.org/10.3390/su142215477>
- Otto, A. S., Szymanski, D. M., & Varadarajan, R. (2020). Customer satisfaction and firm performance: insights from over a quarter century of empirical research. *Journal of the Academy of Marketing Science*, 48, 543–564.
- Setiawan, E., Wati, S., Wardana, A., & Ikhsan, R. (2020). Building trust through customer satisfaction in the airline industry in Indonesia: Service quality and price fairness contribution. *Management Science Letters*, 10(5), 1095–1102.
- Supana, S., Mohamed, M., Yusliza, M. Y., Saputra, J., Muhammad, Z., & Bon, A. T. (2021). A Review of Determinant Factors that Affect Consumer Purchase Decision and Satisfaction Literature. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 4008–4022. <https://doi.org/10.46254/AN11.20210723>
- Wulandari, D. (2022). Customer Satisfaction as a Priority in Excellent Banking Services. *KINERJA: Jurnal Manajemen Organisasi Dan Industri*, 1(1), 27–34.