The Influence of Product Quality, Price, and Location on Customer Satisfaction at KFC Probolinggo

Wahyu Dwi Yanti [1], R Abdul Haris [2*], Yunaz Farada Yoga [3]

Fakultas Ekonomi dan Bisnis, Universitas Panca Marga [12]

Fakultas Ilmu Sosial dan Ilmu Politik, Universitas Panca Marga [3]

Email : abdulharis@upm.ac.id [2*]

ABSTRACT

This study investigates the impact of product quality, price, and location on customer satisfaction at KFC Probolinggo. The research employs a quantitative associative causal design, using a structured questionnaire to collect data from customers of KFC Probolinggo. The data analysis was conducted using SmartPLS, a statistical tool that allows for testing the relationships between the variables. The findings reveal that all three factors—product quality, price, and location—have a significant positive influence on customer satisfaction. Product quality, characterized by the taste, freshness, and consistency of food, plays a vital role in determining customer satisfaction. Similarly, price, reflecting perceived value for money, significantly impacts how customers evaluate their dining experience. The location of KFC Probolinggo, with its convenient accessibility and visibility, also contributes positively to customer satisfaction, although its effect is less pronounced compared to product quality and price. These results highlight the importance of maintaining high standards in food quality, competitive pricing, and strategic location to enhance customer satisfaction. The study concludes with recommendations for future research to explore other potential factors, such as service quality and promotional strategies, which may further influence customer satisfaction in the fast-food industry.

Keywords: product quality, price, location, customer satisfaction, fast food.

1.   INTRODUCTION

The fast-food industry in smaller cities like Probolinggo is experiencing significant growth, driven by a rising demand for quick, affordable, and convenient dining options. As one of the most well-known global fast-food chains, Kentucky Fried Chicken (KFC) has capitalized on this demand, establishing itself as a leading player in the local market. However, despite the increasing popularity of KFC, the competitive landscape remains fierce, with multiple fast-food chains vying for consumer attention. The local consumer base in Probolinggo is diverse, with varying expectations based on factors such as product quality, pricing, and the convenience of restaurant locations. As the market becomes more saturated, understanding the key drivers of customer satisfaction has become crucial for KFC to maintain its competitive edge and ensure sustained customer loyalty. The factors influencing customer satisfaction—namely product quality, price, and location—remain central to the business strategies of fast-food outlets like KFC, yet their specific impact in the context of Probolinggo's unique market dynamics has not been thoroughly examined.

Literature Review and Previous Research. Product Quality is a crucial variable in determining customer satisfaction, especially in the fast-food industry. For KFC Probolinggo, product quality is often measured by factors such as taste, freshness, consistency, and

presentation of the food. These indicators play a significant role in shaping customers' perceptions and satisfaction levels. Previous research, such as that by Harjadi & Arraniri (2021), suggests that product quality directly affects the customer's dining experience and satisfaction. Studies in similar sectors have consistently shown that higher product quality tends to lead to increased consumer satisfaction, as it ensures that customers' expectations are met or exceeded (Indrasari, 2019). However, the impact of product quality on satisfaction can vary depending on regional factors and consumer expectations, with some studies highlighting differences in customer satisfaction based on the perceived quality of food in specific locations (Gunawan et al., 2023).

Price is another essential variable that influences consumer satisfaction, particularly in a competitive market like the fast-food industry. For KFC Probolinggo, price is viewed as the amount of money customers are willing to pay for the value they receive from the food. Misra et al. (2024) define price as a reflection of value, where consumers assess whether the price they pay aligns with the quality and portion of the food they receive. Several studies have shown that competitive pricing strategies significantly impact customer satisfaction, particularly when customers perceive the price to be fair compared to other fast-food outlets (Jaya et al., 2021). Pricing strategies that offer value for money can encourage repeat customers and positive word-of-mouth. However, there is a contrasting view in some research, where price was not found to have as significant an effect on satisfaction, especially when customers prioritize other factors like convenience or service (Harjadi & Arraniri, 2021).

Location is equally vital for influencing consumer satisfaction, especially in fast-food restaurants where convenience is a significant determinant. In the case of KFC Probolinggo, location refers to the outlet's accessibility, visibility, and proximity to customer hotspots. Razak et al. (2023) emphasize that a restaurant's location significantly impacts foot traffic and, consequently, customer satisfaction. The ease of access and the presence of adequate parking space are factors that contribute to a positive customer experience. Previous studies, such as those by Sakka et al. (2023), show that strategic location in areas with high consumer activity leads to higher customer satisfaction due to the convenience it offers. Despite this, some studies have found that while location is important, it does not always outweigh the impact of food quality or price in driving customer satisfaction (Oktavian & Soliha, 2022).

Gap Analysis and Novelty Statement. Despite the significant amount of research on the relationship between product quality, price, and location, there remains a clear gap in the application of these findings to the fast-food industry in smaller cities like Probolinggo. Most studies have focused on large metropolitan areas or global chains in urban settings, with limited attention to how these factors influence customer satisfaction in less densely populated areas. The impact of these variables on customer satisfaction has not been studied comprehensively in Probolinggo, where the consumer base may have different expectations and behavior compared to larger cities. This lack of research specific to smaller cities creates a gap in understanding the dynamics of customer satisfaction in local markets.

This study contributes a novel approach by focusing on KFC Probolinggo, offering a fresh perspective on the influence of product quality, price, and location in a smaller urban area during the post-pandemic recovery period. By employing a robust quantitative analysis using SmartPLS, the research will provide new insights into how these factors interact specifically in the context of Probolinggo, filling a gap in the literature on customer satisfaction in fast food. Additionally, this study uses up-to-date data from the 2021-2023 period, offering a unique and timely analysis that has not been explored in previous studies, thus providing more relevant and actionable insights for businesses operating in similar regional markets.

Research Objectives. The primary objective of this research is to analyze the influence of product quality, price, and location on customer satisfaction at KFC Probolinggo. This study aims

to determine how each of these factors affects customer perceptions and satisfaction levels. Specifically, it will examine whether higher product quality, competitive pricing, and strategic location contribute positively to customer satisfaction. By exploring the interplay of these variables, this research will provide actionable insights for improving the customer experience at KFC Probolinggo, ultimately offering guidance for enhancing customer retention and satisfaction in the local fast-food market.

Hypothesis. Based on the literature and theoretical frameworks surrounding customer satisfaction in the fast-food industry, this study proposes three hypotheses to examine the influence of product quality, price, and location on customer satisfaction at KFC Probolinggo. The first hypothesis suggests that product quality has a positive and significant effect on customer satisfaction. This is grounded in the idea that higher-quality products, characterized by good taste, freshness, and consistency, are likely to enhance customer satisfaction (Harjadi & Arraniri, 2021). The second hypothesis posits that price significantly influences customer satisfaction. This hypothesis is supported by previous research indicating that when customers perceive the price to be fair and aligned with the value received, their satisfaction increases (Jaya et al., 2021). The third hypothesis asserts that location positively impacts customer satisfaction, based on the premise that convenient, accessible, and visible locations contribute to a more satisfying customer experience (Razak et al., 2023). These hypotheses collectively aim to test whether the perceived quality of the product, the pricing strategies, and the convenience of location at KFC Probolinggo are key drivers of customer satisfaction in the fast-food sector.

2. METHOD

This research employs a quantitative associative causal design to analyze the influence of product quality, price, and location on customer satisfaction at KFC Probolinggo (Rahmansyah et al., 2021, 2022). The population for this study consists of customers who have visited KFC Probolinggo, and a sample of 100 respondents is selected using a non-probability sampling technique, specifically incidental sampling. This technique was chosen due to the availability and willingness of customers to participate during data collection. The research instrument used is a structured questionnaire, designed to capture data on the three main variables: product quality, price, and location. The questionnaire uses a 5-point Likert scale, allowing respondents to rate their agreement with various statements related to these variables, ranging from strongly disagree to strongly agree. The questions regarding product quality focus on aspects such as the taste, freshness, and consistency of the food. For price, the instrument assesses perceptions of affordability, value for money, and the competitiveness of KFC's pricing compared to other fast-food chains. The location-related questions evaluate how easily accessible the KFC outlet is, its visibility, and the convenience of parking availability. To analyze the data, the study uses Partial Least Squares Structural Equation Modeling (PLS-SEM), conducted with the help of SmartPLS software. This method is particularly suitable for the sample size and the complexity of the relationships between multiple variables. PLS-SEM allows the researcher to test both the measurement model and the structural model. The measurement model evaluates the reliability and validity of the instrument, with indicators like loading factor, Average Variance Extracted (AVE), and Cronbach's Alpha ensuring that the data collected is valid and reliable (Dhany & Rahmansyah, 2022; Hudzafidah et al., 2023; Rahmansyah, Hudzafidah, et al., 2024). The structural model examines the relationships between the independent variables (product quality, price, and location) and the dependent variable (customer satisfaction), using metrics such as path coefficients, R-square values, and t-statistics to determine the strength and significance of these relationships (Dhany et al., 2025; Khusnik Hudzafidah et al., 2023; Rahmansyah, Dhany, et al., 2024; Rahmansyah & Dhany, 2023). By using PLS-SEM, the research aims to uncover not only the direct

effects of each factor on customer satisfaction but also any indirect effects, providing a more nuanced understanding of how these variables interact and contribute to customer satisfaction at KFC Probolinggo.

3. RESULTS AND DISCUSSION
RESULTS

Table 1. Convergent Validity Results

No	Variable	AVE
1	Product Quality (X1)	0.708
2	Price (X2)	0.735
3	Location (X3)	0.764
4	Customer Satisfaction (Y)	0.606

The Convergent Validity results show that all constructs have Average Variance Extracted (AVE) values above the 0.50 threshold, which indicates that the measurement model is valid. Specifically, Product Quality (X1) has an AVE of 0.708, Price (X2) 0.735, Location (X3) 0.764, and Customer Satisfaction (Y) 0.606. These values suggest that each construct successfully explains more than half of the variance in its respective indicators, confirming the validity of the instrument used in this study.

Table 2. Discriminant Validity Results (HTMT)

No	Relationship	HTMT
1	Price (X2) ↔ Product Quality (X1)	0.805
2	Location (X3) ↔ Product Quality (X1)	0.839
3	Location (X3) ↔ Price (X2)	0.770
4	Customer Satisfaction (Y) ↔ Product Quality (X1)	0.739
5	Customer Satisfaction (Y) ↔ Price (X2)	0.752
6	Customer Satisfaction (Y) ↔ Location (X3)	0.696

The Discriminant Validity test using the Heterotrait-Monotrait Ratio (HTMT) shows that all pairs of constructs have HTMT values below the recommended threshold of 0.85, indicating that each construct is empirically distinct. The lowest HTMT value is 0.696 (between Customer Satisfaction and Location), and the highest is 0.839 (between Location and Product Quality). This confirms that the constructs are sufficiently different from one another, ensuring discriminant validity in the measurement model.

Table 3. Reliability Results (Cronbach's Alpha and Composite Reliability)

No	Variable	Cronbach's Alpha	Composite Reliability
1	Product Quality (X1)	0.897	0.899
2	Price (X2)	0.910	0.913
3	Location (X3)	0.923	0.923
4	Customer Satisfaction (Y)	0.675	0.822

The Reliability results indicate that the constructs meet the recommended thresholds for reliability. Product Quality (X1), Price (X2), and Location (X3) have Composite Reliability values of 0.899, 0.913, and 0.923, respectively, which are above the threshold of 0.70, indicating high internal consistency. While the Cronbach's Alpha for Customer Satisfaction (Y) is slightly below 0.70 (0.675), the Composite Reliability of 0.822 is above the acceptable threshold, confirming that the construct is still reliable.

Table 4. R-Square (R²) Results

No	Variable	R-Square
1	Customer Satisfaction (Y)	0.406

The R-Square (R²) value for Customer Satisfaction is 0.406, meaning that the combination of Product Quality, Price, and Location explains 40.6% of the variance in customer satisfaction. This indicates that the model has moderate predictive power, suggesting that while these three factors are significant contributors to customer satisfaction, there are other variables not included in this model that also influence satisfaction.

Table 5. f-Square Results

No	Relationship	f-Square
1	Product Quality (X1) → Customer Satisfaction (Y)	0.032
2	Price (X2) → Customer Satisfaction (Y)	0.071
3	Location (X3) → Customer Satisfaction (Y)	0.014

The f-Square values indicate the effect size of each independent variable on customer satisfaction. The results show that the effect of Price (X2) on customer satisfaction has the largest impact with an f-square value of 0.071, which is considered a small to medium effect. Product Quality (X1) has an f-square value of 0.032, showing a small effect, while Location (X3) has the smallest effect with an f-square value of 0.014, indicating a negligible effect on customer satisfaction.

Table 6. Hypothesis Testing Results

No	Relationship	Original Sample	T Statistics	P Values
1	Product Quality (X1) → Customer Satisfaction (Y)	0.234	3.731	0.000
2	Price (X2) → Customer Satisfaction (Y)	0.317	5.652	0.000
3	Location (X3) → Customer Satisfaction (Y)	0.149	2.567	0.010

The Hypothesis Testing results show that all three variables—Product Quality (X1), Price (X2), and Location (X3)—have a significant and positive impact on Customer Satisfaction. The relationship between Product Quality and Customer Satisfaction is significant with a coefficient of 0.234 (P=0.000). The effect of Price on Customer Satisfaction is the strongest, with a coefficient of 0.317 (P=0.000), while Location also has a significant effect, with a coefficient of 0.149 (P=0.010). These results support the research hypotheses, confirming that all three factors are crucial drivers of customer satisfaction at KFC Probolinggo.

DISCUSSION

Product Quality and Customer Satisfaction. The first hypothesis suggests that product quality has a significant positive impact on customer satisfaction at KFC Probolinggo. The results support this hypothesis, showing that product quality significantly influences customer satisfaction with a coefficient of 0.234 (P=0.000). This finding is in line with the study by Harjadi & Arraniri (2021), which asserts that product quality plays a crucial role in consumer satisfaction in the food industry. Specifically, the consistency, taste, and freshness of the food are the primary factors that determine the perceived quality. When customers perceive the food to be of high quality, their satisfaction levels increase significantly, which aligns with Indrasari's (2019) definition of satisfaction as the feeling after comparing what they received with what they expected.

Previous studies also emphasize the strong link between product quality and consumer satisfaction. According to Gunawan et al. (2023), higher-quality products tend to enhance customer perceptions, leading to positive experiences and repeat visits. The results of this study corroborate this view, with customers at KFC Probolinggo being satisfied primarily due to the consistent quality

of the products offered. However, the study also highlights the importance of regional consumer expectations, which can vary depending on local factors such as taste preferences, price sensitivity, and familiarity with international brands. This suggests that while product quality is universally important, KFC must adapt to local preferences to maintain high satisfaction levels. Therefore, the impact of product quality on customer satisfaction is robust, and KFC should continue to prioritize high standards in product offerings to sustain customer loyalty.

Price and Customer Satisfaction. The second hypothesis posits that price significantly influences customer satisfaction at KFC Probolinggo. The findings validate this hypothesis, as the relationship between price and customer satisfaction showed a strong and positive effect with a coefficient of 0.317 (P=0.000). This is consistent with the work of Jaya et al. (2021), who suggest that consumers are likely to perceive a higher level of satisfaction when the price of a product is considered fair relative to its quality. In the fast-food industry, price is often a determining factor for customers, as they assess whether the value they receive justifies the cost. KFC's competitive pricing strategy, particularly in a price-sensitive market like Probolinggo, is likely to have contributed to higher customer satisfaction by ensuring customers feel they are getting value for their money.

Moreover, the concept of perceived value, as defined by Misra et al. (2024), reinforces the significance of price in shaping customer satisfaction. When customers believe they are receiving a fair deal for the product offered, their overall satisfaction increases, leading to positive perceptions and repeat patronage. This finding aligns with previous research by Harjadi & Arraniri (2021), which demonstrated that a reasonable price, when aligned with consumer expectations, contributes to enhanced satisfaction levels. KFC's pricing model in Probolinggo likely resonates with consumers, as they perceive the price of the meal to be appropriate considering the quality and quantity offered. This suggests that KFC must continue to monitor and adjust its pricing strategy to align with local consumer expectations and market conditions to maintain competitive advantage and customer satisfaction.

Location and Customer Satisfaction. The third hypothesis asserts that location plays a significant role in customer satisfaction at KFC Probolinggo. The results confirm this hypothesis, with a positive relationship between location and customer satisfaction, demonstrated by a coefficient of 0.149 (P=0.010). Razak et al. (2023) emphasize that the convenience and accessibility of a restaurant's location are pivotal to customer satisfaction. For KFC Probolinggo, the outlet's proximity to high-traffic areas and its easy accessibility by public transportation likely contribute to higher satisfaction levels. Customers value the convenience of not having to travel far to enjoy their meal, and this can lead to increased satisfaction and frequent visits. Additionally, the visibility of the location plays a crucial role, as a well-located restaurant attracts more foot traffic, which in turn contributes to better customer satisfaction (Sakka et al., 2023).

However, while location is important, it should be considered alongside other factors such as product quality and price. As Indrasari (2019) notes, customer satisfaction is a result of an overall evaluation of multiple service factors, including not only location but also the quality of the food and its price. In the case of KFC Probolinggo, while the location is convenient, it may not be the sole determinant of customer satisfaction. The findings from this study show that the effect of location, although positive, is less pronounced compared to product quality and price. This suggests that while a strategic location is important for attracting customers, it must be complemented by competitive pricing and high-quality products to achieve maximum customer satisfaction, as highlighted by Gunawan et al. (2023). Thus, KFC must continue to optimize its location while ensuring that product quality and price remain central to its customer satisfaction strategy.

4.   CONCLUSION

In conclusion, the results of this study support all three hypotheses, confirming that product quality, price, and location all have a significant positive effect on customer satisfaction at KFC Probolinggo. The first hypothesis, which proposed that product quality influences customer satisfaction, was supported, as higher product quality led to greater satisfaction. Similarly, the second hypothesis, which suggested that price significantly affects customer satisfaction, was validated by the strong relationship between fair pricing and customer satisfaction. Finally, the third hypothesis, indicating that location plays a role in customer satisfaction, was also confirmed, with a positive effect observed due to the convenience and visibility of KFC's location in Probolinggo. These findings emphasize the importance of maintaining high product quality, competitive pricing, and a strategic location to ensure customer satisfaction. For future research, it is recommended to explore additional factors such as customer service and promotional strategies, which may further enhance customer satisfaction in the fast-food industry.

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