

## The Effect of Perceived Risk, Brand Image and Perceived Price Fairness on Customer Satisfaction

Innocentius Bernarto<sup>1\*</sup>, Agus Purwanto<sup>2</sup>, Ronnie Resdianto Masman<sup>3</sup>

<sup>1,2</sup>Management Department, Universitas Pelita Harapan, Tangerang, Indonesia

<sup>3</sup>Management Department, Universitas Tarumanagara, Jakarta, Indonesia

**Email address:**

\*[bernarto227@gmail.com](mailto:bernarto227@gmail.com), [agozpor@gmail.com](mailto:agozpor@gmail.com), [ronniem@fe.untar.ac.id](mailto:ronniem@fe.untar.ac.id)

**Abstrack:** This study aims to analyze the effect of perceived risk, brand image and perceived price fairness on customer satisfaction at Japanese restaurants in Jakarta, Indonesia. The target population of this research was all Japanese restaurant customers in Jakarta and its surroundings during the period of October 2021. There was a total of 208 respondents participated in this study. The sampling technique used was snowball sampling. The data was collected using a questionnaire distributed online through Google Form. The data was analyzed using partial least square-structural equation modeling (PLS-SEM) approach in WarpPls 7.0 program. The results show that the perceived risk has no negative effect on customer satisfaction. The brand image also has a positive effect on customer satisfaction. The perceived price fairness has a positive effect on customer satisfaction. The more affordable the price of Japanese restaurant food products, the higher the customer satisfaction.

**Keywords:** perceived risk, brand image, perceived price fairness, customer satisfaction.

**Abstrack:** Penelitian ini bertujuan untuk menganalisis pengaruh persepsi risiko, citra merek, dan kewajaran harga yang dirasakan terhadap kepuasan pelanggan pada restoran Jepang di Jakarta, Indonesia. Target populasi penelitian ini adalah seluruh pelanggan restoran Jepang di Jakarta dan sekitarnya selama periode Oktober 2021. Jumlah responden yang berpartisipasi dalam penelitian ini sebanyak 208 orang. Teknik pengambilan sampel yang digunakan adalah snowball sampling. Pengumpulan data dilakukan dengan menggunakan kuesioner yang disebarluaskan secara online melalui Google Form. Analisis data menggunakan pendekatan partial least square-structural equation modeling (PLS-SEM) dengan program WarpPls 7.0. Hasil penelitian menunjukkan bahwa risiko yang dirasakan tidak berpengaruh negatif terhadap kepuasan pelanggan. Citra merek juga berpengaruh positif terhadap kepuasan pelanggan. Kewajaran harga yang dirasakan berpengaruh positif terhadap kepuasan pelanggan. Semakin terjangkau harga produk makanan restoran Jepang, semakin tinggi kepuasan pelanggan.

**Kata Kunci:** risiko yang dirasakan, citra merek, kewajaran harga yang dirasakan, kepuasan pelanggan.

## INTRODUCTION

A total population of 255 million people in Indonesia implies that Indonesia has a high public consumption power and is a lucrative land for foreign fast food restaurant franchise owners. In the last five years to 2012, the growth in consumption of processed food was recorded to have increased by 41%. According to Ashraf et al. (2018) around 80% of Indonesians preferred to dine in at fast food restaurants. The development of restaurant business is also related to the behavior of customers who like to dine in at restaurants either with friends, family or by him/herself. Currently, many companies realize that customer satisfaction is the main aspect that must be achieved in order to obtain customer loyalty. Researches by (Ahmadinejad et al., 2014); (Akiyama et al., 2021) explained that satisfaction is a mediating variable between service quality and customer loyalty, so that most satisfied customers will provide a high loyalty to the company. Achieving the customer loyalty through the customer satisfaction is not easy.

There are several ways that the companies can do to achieve the customer loyalty, for example by providing appropriate prices to the customers and developing their company's brand image. (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018) added that price is one of the most flexible elements of the marketing mix which can quickly change, after changing the characteristics of certain products and services. (Cuong and Khoi, 2019); (Erdil, 2015) found that there was a relationship between price fairness and customer satisfaction and customer loyalty to service companies. Further, (Bei and Chiao, 2001) also found similar results where the perception of price fairness had a positive relationship, either directly or indirectly (through customer satisfaction), with customer loyalty.

The development of restaurants in Indonesia also varies to restaurants originated from foreign countries. One of them is the presence of Japanese restaurants which aim to meet the desires and needs of Indonesian customers. They offer affordable prices, great choices of featured products, cleanliness, and quality of service. Good and satisfying customer service must be the main mission for a restaurant where customer satisfaction is the main focus for many companies in deciding strategies to win the competition. To meet the needs and expectations of customers, several Japanese restaurants have provided special places for various purposes such as for social gathering events, birthdays, wedding receptions, or business meetings. According to (Cuong and Khoi, 2019), the problem with companies in the restaurant sector is the lack of attention to customer satisfaction. In this case, the customer satisfaction is the main factor for the Japanese restaurant business to continue to grow in the market. In addition to selling food and beverages (tangibles), the restaurants also offer services (intangibles) to their customers which also plays an important role in the business. The pricing is also suggested to be in accordance with the customer expectations.

An appropriate pricing will create customer satisfaction. The customer satisfaction can also be assessed through service value. (Cuong and Khoi, 2019) stated that a successful offer provides value and satisfaction to the target customers. Similarly, (Hakim et al., 2021) supported that if a company already has loyal customers, it will have a regular cash flow. Furthermore, (Konuk, 2019); (Opata et al., 2021); (Parry et al., 2021) explained that the customer satisfaction is a response (emotional or cognitive) which involves a particular focus (expectations, products, consumption experiences and so on) and occurs at

a certain time (after consumption, after product/service selection, based on accumulated experience, and etc).

Increasing the customer satisfaction has been the purpose of a business organization in an effort to increase market share and customer loyalty. However, in reality, the customers tend to be in a disadvantaged position because some business organizations have not been able to understand the existing popular trends favored by the customers. (Opata et al., 2021); (Parry et al., 2021) described that perceived risk is considered as a factor influencing a person's desire to use modern technology, such as online shopping. Usually, people view online transactions as transactions with a high risk. Therefore, most customers pay more attention to the problem of perceived risk as a general factor that greatly influences them to choose Japanese restaurants. If the company can reduce the perceived risks as a business strategy, the company can increase their customer loyalty. The problem in this study is that the level of consumer satisfaction for Japanese restaurants in Jakarta is still low and there are still many people who are not familiar with Japanese restaurants. The novelty of this research is the relationship model of Perceived Risk, Brand Image and Perceived Price Fairness on Customer Satisfaction in Japanese restaurants.

## THEORITICAL REVIEW

**Perceived Risk.** According to (Qalati et al., 2021) defined perceived risk as a customer's assessment or perception of negative consequences or impacts or dubious results after purchasing products / services or making transactions. In addition, (Simbolon et al., 2020); Tho et al., (2017) defined the perceived risk as belief about the potential negative results or dubious results from a service transaction (online). (Tho et al., 2017) explained that the perceived risk in traditional retailers is a form of fraud against the quality of the products sold. Furthermore, (Samoggia et al., 2021); (Tho et al., 2017) described the perceived risk as the possibility of a gain or loss without considering the positioning, advertising, brand image and value added between the trustor and the trustee. (Wu et al., 2011) also mentioned that the perceived risk is a type of subjective loss, whereas it is a risk experienced during the process of buying a product or service, and the customers cannot consider the pros or cons of the purchase result, and the consequences resulting from an uncertain or dubious assessment. In addition, the customers cannot predict the results of their buying decisions caused by the ambiguity of their psychological feelings (Akiyama et al., 2021; Ashraf et al., 2018). The customers' ambiguity in relation to their satisfaction is influenced by the perceived risk. They may not feel satisfied before buying a product or service. (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018); (Zhong and Moon, 2020) argued that the perceived risk is such a multidimensional variable that includes financial, performance, social, psychological, physical and time risks.

The financial risk refers to the potential loss of money after buying a product, where security in payment is an important determining factor in buying through e-commerce. (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018) classified the risk perceived by customers into five types: 1) financial risk - a risk associated with loss of money or spending a lot of money in buying products / services; 2) performance risk - a risk happened when the products / services purchased are not in accordance with the expected quality; 3) social risk - the risk related to customer image and status problems,

that the purchased product or service can damage the image and their status; 4) physical risk - a risk associated with harm or health problems after buying or using the product or service; and 5) psychological risk - a risk related to customer attitudes and emotions after buying products / services. The perceived risk is one of the variables widely used in researches to predict buying behavior in the e-commerce (Akiyama et al., 2021; Ashraf et al., 2018). It has become a crucial aspect in researches, especially the ones on e-commerce. Researches on computer security and fraud found that online customers usually faced threats from malware viruses, service cancellations, data destruction, data flows, and inadequate system configuration.

**Brand Image.** Brand image can be created and meaningful based on 3 important dimensions in relation to brand association. They consist of strength, favorability, and uniqueness of association. The strength of association refers to a function that refers to how much (quantity) of information is received and how its quality is processed in the memory of customers, so that it can become part of the brand image with the existing brand knowledge. (Keller, 1993) believed that the strength of association is formed from the basis of word of mouth (friends, family, and so on) or from non-commercial information. According to (Ahmadinejad et al., 2014), (Akiyama et al., 2021), and (Ashraf et al., 2018), the strength of association refers to the information of physical advantages and is not found in other brands. The strength of association includes the product's physical appearance, function, price and also the appearance of product's supporting facilities (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018) Further, the favorability of association explains that marketing is considered successful if the entire program reflects the creativity that forms trust for customers that brings benefits and is able to satisfy what the customers want and need.

This is an overall positive action to generate a brand image (the first response that comes to the customers' mind when they hear the brand name). It is in line with (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018); (Zhong and Moon, 2020) who stated that the favorability refers to something that is easy to remember, whereas the elements include the ease of the brand to pronounce, the ability of the brand to be remembered by customers, as well as the impression of the brand in the mind of customers with a strong image desired by the company. In addition, the uniqueness of brand association refers to the level of brand uniqueness that has competitive and sustainable benefits which provide the customers with a comparison of reasons why they should buy the products not from the competitors. According to (Ashraf et al., 2018) a unique impression arises from product attributes and it can be defined as a differentiation between one product and another which includes a unique group, including the variety of services that a product can provide, price variations of the product in question, and differences of the product. A product with unique characteristics and is difficult to imitate by the competitors will create a product differentiation which will ultimately lead to a competitive advantage.

**Perceived Price Fairness.** Perceived price fairness involves the comparison of prices or procedures related to standards, references or norms. According to (Liao et al., 2020) to develop the conceptual meaning of fairness, there are some clarifications about it. First, the fairness and unfairness may be conceptually different constructions. The definition of

unfairness is usually clearer, sharper and more concrete than the idea of fairness. People know that it is unnatural when they see or experience it, but it is difficult to articulate what natural is. According to (Parry et al., 2021) the perceived price fairness is the customer's assessment and is related to emotions whether there is a difference (or no difference) between the price of one seller compared to another in a reasonable, acceptable or justified manner. (Hakim et al., 2021); (Jin et al., 2016) stated that in many cases, the customer satisfaction could shift the focus to service price and service quality. the price is the single most decisive element for companies to earn revenue. (Parry et al., 2021) defined the perceived price fairness as an assessment of an outcome and process in order to achieve a reasonable and acceptable result.

**Customer Satisfaction.** According to (Qalati et al., 2021); (Samadou and Kim, 2018); (Samoggia et al., 2021); (Simbolon et al., 2020); (Tho et al., 2017), traditionally, customer satisfaction is considered to be (i) a cognitive state, (ii) influenced by previous cognitions, and (iii) having a relative character. Recently, however, there has been an increasing recognition among researchers focusing on the customer satisfaction that a purely cognitive approach may be inadequate in modeling satisfaction evaluations. There is a need to understand the customer satisfaction from an affective perspective, although always associated with cognitive influences. In general, satisfaction is a sensation or feeling generated by both cognitive and emotional aspects of goods and services, as well as the accumulated evaluation of its various components and features. In an effort to combine both theoretical approaches (cognitive and emotional), a study of two complementary pathways was proposed to develop tourist satisfaction with past experiences, quality and expectations, and the confirmation/disconfirmation process that determined the level of satisfaction achieved. (Parry et al., 2021) found indicators of satisfaction were existing recreational programs, tourism experiences in wet areas, and overall satisfaction. (Konuk, 2019b); (Opata et al., 2021) and (Parry et al., 2021) only used overall satisfaction indicators to measure the satisfaction with past tourist visits.

Studies by (Konuk, 2019b); (Opata et al., 2021) and (Parry et al., 2021) in the case of the relationship between satisfaction and intention of Taiwan cruise tourists used 13 satisfaction indicators, including land tourism arrangement, recreation rooms on ships, clean and tidy public areas on board, safety equipment, navigation experience, personal neatness of employees, courtesy, employee-specific knowledge, employee faith, overall accuracy and service, employee communication, and suitability of shipping uniforms. They also mentioned several dimensions of satisfaction, consisting of cleanliness and health, destinations with the lowest cost, easy access, sports activities and practices, peace and quiet, and contact with nature. All of the indicators above had actually been accumulated with the indicators from (Konuk, 2019b); (Opata et al., 2021) and (Parry et al., 2021) which mentioned five dimensions of measuring the customer satisfaction in the service sector, such as 1) satisfaction with the process; 2) satisfaction with personal treatment; 3) satisfaction with the waiting time; satisfaction with the queuing time that customers had to take to wait for their turn to get the service from the service providers; 4) satisfaction with the place; and 5) overall satisfaction - the level of satisfaction experienced by the customers with the service as a whole.



## Hypothesis Development

***Relationship between perceived risk and customer satisfaction.*** According to (Yang et al., 2015) stated that the impacts of perceived risk are influenced by several factors, namely security factors in the e-commerce environment such as financial risk, psychological risk, and physical risk. In other words, the perceived risk is an assessment of a risky situation, which is highly dependent on the psychological characteristics and characteristics of the situation. This is in line with (Samadou and Kim, 2018); (Samoggia et al., 2021) who agreed that the level of risk perceived by the customer depends on the knowledge, previous experiences and the level of risk perceived or suffered by the customer. According to (Qalati et al., 2021); (Simbolon et al., 2020); (Tho et al., 2017) perceived risk has negative and significant effect on customer satisfaction.

The customers rarely buy high-risk products or services. This type of customers are the ones who always do not want to establish or form relationships and include the customers with high switching costs. According (Simbolon et al., 2020); (Tho et al., 2017), the customers may place different perceptions about the risk of buying a product or service with the risk of online buyers. The perceived risk focuses more on the perceived risk of buying products or services from online retailers. In the e-commerce industry, perceived risk has negative and significant effect on customer satisfaction. The customers who will refuse or cancel transactions with untrusted service providers are caused by their concerns about the misuse of personal data or identity, such as credit cards or telephone numbers.

***H1: Perceived risk has a negative effect on customer satisfaction.***

### ***Relationship between brand image and customer satisfaction***

According to (Samadou and Kim, 2018); (Samoggia et al., 2021); (Tho et al., 2017) the brand image is a set of beliefs, ideas, and impressions that a person has of a brand. Therefore, the customer attitudes and actions towards a brand are determined by the brand image. It is similar with the research results found by (Simbolon et al., 2020); (Tho et al., 2017) which shows that there is a positive and significant influence between the brand image on customer satisfaction. According to (Samadou and Kim, 2018); (Samoggia et al., 2021); (Tho et al., 2017) defined the brand image as the sum of the images, impressions and beliefs that a person has of an object. It is interconnected with the attitudes in the form of beliefs and preferences for a brand. This means that if a company has a good brand image in the eyes of customers, the company will always be remembered by them (Qalati et al., 2021); (Simbolon et al., 2020) supported it with a similar research result that the brand image has a direct or indirect effect on customer loyalty through customer satisfaction.

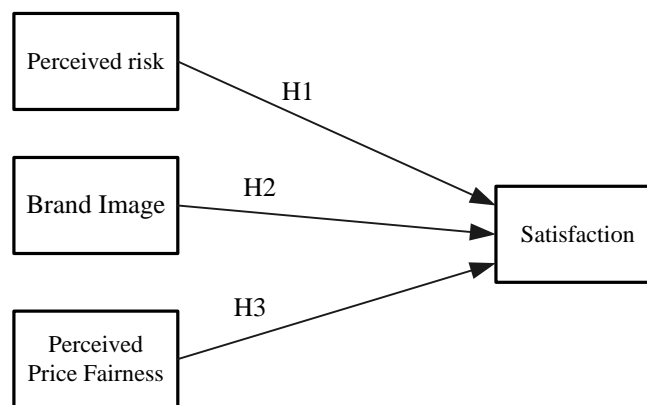
***H2: Brand image has a positive effect on customer satisfaction.***

***Relationship between perceived price fairness and customer satisfaction.*** Literatures on marketing emphasize price as an important factor in the customer satisfaction as when the customers evaluate the value of a product or service they purchased, they generally think about the price. According to (Akiyama et al., 2021); (Ashraf et al., 2018) found that the

suitability of the price with the service received had a positive and significant influence on the customer satisfaction. The customer satisfaction and perceived price fairness of a product or service is linked through the product or service itself. Previous researches on the customer satisfaction by (Akiyama et al., 2021); (Ashraf et al., 2018) have shown that equity had a major influence on the customer satisfaction. The perceived price fairness plays an important role in any exchange transaction. The relationship between perceived price fairness and customer satisfaction has been investigated in various studies that found a positive influence between them (Ahmadinejad et al., 2014; Akiyama et al., 2021; Ashraf et al., 2018; Xu et al., 2015; Zhong & Moon, 2020).

**H3:** *Perceived price fairness has a positive effect on customer satisfaction.*

Based on the literature review explained above, a research model that can be proposed is as follows:



**Figure 1.** Research Model

## METHODS

The target population in this study was all customers of Japanese restaurants in Jakarta, Indonesia during the period of October 2021. The total samples were determined using the inverse square root method by (Diana et al., 2017); (Konuk, 2019). With a minimum sample size of 160 respondents. Using a snowball sampling technique, there was a total of 208 respondents participated. The data was collected using a questionnaire distributed online through Google Form. The data was analyzed using partial least square-structural equation modeling (PLS-SEM) approach in WarpPLs 7.0 program. Each questionnaire item was measured on a five point Likert scale, ranging from One for disagree until five is for strongly disagree.

The questionnaire items for the perceived risk construct were adapted from (Konuk, 2019)., and scale development. The brand image questionnaire items were adapted from (Ayutthaya, 2013), and scale development. The perceived price fairness questionnaire items were adapted from (Diana et al., 2017); and (Konuk, 2019). The customer satisfaction questionnaire items were adapted from (Bernarto et al., 2014) and scale development.

## RESULTS

**Respondent Profile.** Table 1 shows the profile of the respondents participated in this study. There are more male respondents (54.33 percent) than the female respondents (45.367 percent). Most of them are between 20 and 29 years old (43.27 percent) and live in Jakarta (53.85 percent). Their educational background is dominated by undergraduates (81.73 percent). Furthermore, most of the respondents are college students (42.79 percent) and employees (34.13 percent). In addition, most respondents visited the Japanese restaurant one month ago (50.96 percent) and their visit frequency between one-four times in one month is about 60 percent of total respondents.

**Table 1.** Respondent Profile

Profile		Qty	Percentage	Total
Gender	Male	113	54.33	208
	Female	95	45.67	
Age	Until 20 years old	34	16.35	208
	20 until 29 years old	90	43.27	
	30 until 39 years old	26	12.50	
	40 until 49 years old	25	12.02	
	50 until 59 years old	33	15.87	
Domicile	Jakarta	112	53.85	208
	Outside Jakarta	96	46.15	
Education	Senior High School	28	13.46	208
	Diploma	10	4.81	
	Bachelor Degree	170	81.73	
Work	Housewife	4	1.92	208
	College Student	89	42.79	
	Civil servant	5	2.40	
	Employee	71	34.13	
	college students	6	2.88	
	Pension	3	1.44	
	Businessmen	17	8.17	
	Other	13	6.25	
Last Visit	1 Last month	106	50.96	208
	2 months ago	19	9.13	
	3 months ago	15	7.21	
	Less than 3 months ago	68	32.69	
Frequency	Once a week	25	12.02	208
	Once every 2 weeks	27	12.98	
	Once every 3 weeks	19	9.13	
	Once a month	55	26.44	
	Several times in a month	82	39.42	

**Outer model.** In this stage, the validity and reliability of the instrument was examined. The validity testing consists of convergent validity and discriminant validity. The condition for meeting convergent validity is if the average variance extracted (AVE) value is greater than 0.5 and the outer loading value is greater than 0.7 (Hair et al., 2017)



However, Hair et al., (2017) explained that for items with an outer loading value greater than 0.4 to less than 0.7, it can be omitted if it can increase the AVE value to be greater than 0.5.

After the convergent validity test was completed, the next step was to conduct the discriminant validity test by considering the Fornell-Larcker criterion and adding the Heretroit-Monotrait Ratio (HTMT) criterion. (Hair et al., 2017) explained that the condition that must be met for the Fornel-Larcker criteria is that the square root value of AVE must be greater than the correlation value between latent variables. Next, (Henseler, Ringle and Sarstedt, 2015) proposed another better approach named the heterotrait-monotrait (HTMT) ratio, where its value should be less than 0.85.

Finally, the internal consistency test was performed by calculating the composite reliability (CR) whereas the CR value must be greater than 0.70 (Hair et al., 2017) Table 1. reveals that the AVE value for each construct ranges from 0.595 - 0.770; CR value ranges from 0.814 - 0.919, and the outer loading value ranges from 0.691 - 0.913. Thus, the requirements for the convergent validity and internal consistency have been met.

**Table 2.** Evaluation of AVE, CR, and outer loadings

Construct & Item		Outer loading
Perceived Risk, AVE (0.770); CR (0.870)		
PR4	There is a high chance that I will make a mistake if I choose this Japanese restaurant to dine in.	0.840
PR6	Dining in a Japanese restaurant is a risky act for me.	0.913
Brand Image, AVE (0.595); CR (0.814)		
BI1	This Japanese restaurant has a good brand image.	0.709
BI3	The brand image of this Japanese restaurant is different from other Japanese restaurants.	0.741
BI4	The brand image of this Japanese restaurant reflects a quality restaurant.	0.857
Perceived Price Fairness, AVE (0.714); CR (0.909)		
PF1	In my opinion, the food price is reasonable.	0.894
PF2	The food price is in accordance with the benefits I get.	0.897
PF3	The food price is in line with the quality.	0.808
PF6	In my opinion, the food price is acceptable.	0.774
Customer Satisfaction, AVE (0.657); CR (0.919)		
KP1	The food quality is up to my expectations.	0.813
KP2	I feel comfortable in this Japanese restaurant.	0.795
KP3	I love this Japanese restaurant.	0.865
KP4	The food in this Japanese restaurant is according to my taste.	0.864
KP5	My desire for a good meal can be fulfilled at this Japanese restaurant.	0.821
KP6	I feel reassured to be in this Japanese restaurant.	0.691

Note: AVE (average variance extracted); CR (composite reliability)

Table 2 shows that the KP6 item has an outer loading value of 0.691, which is smaller than 0.70. However, it is not omitted because the AVE value is higher than 0.657.

**Table 3.** Evaluation of Fornell-Larcker Criterion

	Perceived Risk	Brand Image	Perceived Price Fairness	Customer Satisfaction
Perceived Risk	0.878			
Brand Image	-0.051	0.772		
Perceived Price Fairness	-0.053	0.498	0.845	
Customer Satisfaction	-0.102	0.610	0.618	0.810

Table 3 displays the evaluation of measurement of discriminant validity with the Fornell-Larcker criterion approach. It can be seen that the squared root value of AVE is greater than the correlation value between constructs. Furthermore, the HTMT criterion was also applied in this study. The results show that all values below 0.85 are in accordance with the recommendations of (Henseler et al., 2015). Thus, the results of discriminant validity test have met the requirements.

**Table 4.** Evaluation of Heterotrait-Monotrait Ratio

	Perceived Risk	Brand Image	Perceived Price Fairness	Customer Satisfaction
Perceived Risk				
Brand Image	0.131			
Perceived Price Fairness	0.114	0.652		
Customer Satisfaction	0.122	0.787	0.694	

**Structural Model.** After testing the validity and reliability, the next step was to assess the structural model. In this stage, the assessments are on collinearity, hypothesis testing, determinant coefficient,  $f^2$  effect size,  $Q^2$  and finally  $q^2$  effect size. The collinearity test was carried out by considering the value of the variance inflation factor (VIF) where the VIF value must be smaller than 5. When the VIF value is more than 5, this indicates that the exogenous constructs are highly correlated and to overcome this, and it is suggested to remove one of the exogenous constructs (Hair et al., 2017). Table 5 shows that all exogenous constructs are not highly correlated, as indicated by VIF values which is smaller than 5.

**Table 5.** Results of Collinearity Test

Construct	Customer Satisfaction
Perceived Risk	1.004
Brand Image	0.331
Perceived Price Fairness	0.331

This research model involves the constructs of perceived risk, brand image, and perceived price fairness which predict the customer satisfaction construct. It is expected that the three constructs can increase the customer satisfaction in Japanese restaurants. The coefficient of determination reveals that the three constructs can explain the variation in

customer satisfaction construct by 50.7 percent, and the rest 49.3 percent can be explained by other constructs not included in the research model.

Next, Table 6 shows the change in the coefficient of determination ( $R^2$ ) of the endogenous construct of customer satisfaction when one of the exogenous constructs is removed from the research model. The exogenous constructs in this research are the constructs of perceived risk, brand image, and perceived price fairness. Cohen (1988) provides guidance in calculating  $f^2$  that the effect category consists of small effects (0.02), medium effects (0.15), and large effects (0.35) (Hair et al., 2017) The constructs of brand image and perceived price fairness are included in the category of medium effects, while the perceived risk construct has a small effect on the endogenous construct of customer satisfaction.

**Table 6.** Evaluation of  $f^2$  Effect Size

	Customer Satisfaction
Perceived Risk	0.008
Brand Image	0.231
Perceived Price Fairness	0.260

The next evaluation is to calculate  $Q^2$ , which explains how accurately the exogenous construct can predict the endogenous construct (customer satisfaction). Hair et al., (2017) stated that the value of  $Q^2$  must be greater than zero to show that the model has a relevant predictive. Evaluation of  $Q^2$  shows that the value of  $Q^2$  (0.509) is greater than zero. Therefore, it can be concluded that the research model can predict the data not included in this study.

Furthermore, a hypothesis testing was conducted to answer the research objectives. Below, Table 7 shows the results whether the hypothesis is supported or not supported empirically. The hypothesis testing is done by looking at the level of significance (5 percent) and one-tailed test. The results confirm that the second and third hypothesis are supported empirically. The brand image has a positive effect on customer satisfaction. Similarly, the perceived price fairness has a positive effect on customer satisfaction. This is based on the p-value of the perceived price fairness and brand image of 0.001 which is smaller than the significance level of 5 percent. However, the first hypothesis mentioning that the perceived risk has a negative effect on customer satisfaction is not supported empirically. This is because its p-value (0.078) is greater than the significance level of 5 percent. Furthermore, the results show that the perceived price fairness has a standardized path coefficient of 0.416 which shows that it has the greatest strength of effect compared to other exogenous constructs.

**Table 7.** Evaluation of Hypothesis Testing

Hypothesis	Standardized Path Coefficient	p-value	Decision
H <sub>1</sub> : Perceived risk has a negative effect on customer satisfaction	-0.059	0.078	Not Supported
H <sub>2</sub> : Brand image has a positive effect on customer satisfaction	0.400	0.001	Supported
H <sub>3</sub> : Perceived price fairness has a positive effect on customer satisfaction	0.416	0.001	Supported

Note: p-value less than  $\alpha$  (0.05); one-tailed test

## DISCUSSION

Table 7 shows that Hypothesis 1 (H<sub>1</sub>) is not supported empirically. The changes in perceived risk have no impact on the customer satisfaction. Furthermore, the results of the calculation of effect size ( $f^2$ ) reveal that the perceived risk has a small effect on changes in R<sup>2</sup> on the customer satisfaction. Thus, the customers' perceived risk did not influence their satisfaction. The indicators of Perceived Risk are There is a high chance that I will make a mistake if I choose this Japanese restaurant to dine in and Dining in a Japanese restaurant is a risky act for me has no significant effect on customer satisfaction variables. This result is in contrast with the ones found by (Ahmadinejad et al., 2014); (Akiyama et al., 2021); (Ashraf et al., 2018) that the Japanese restaurant customers did not place risk factors as important factors for the customer satisfaction. Although the restaurants provided menus consisted of raw food ingredients, the customers were sure that it would not risk them. It is supported by the respondents' profile whereas 60% of respondents visited the Japanese restaurants 1 to 4 times per month.

In addition, that the results of this study confirms that there is a positive influence of brand image on customer satisfaction. The positive effect indicated that the brand image and customer satisfaction moved in the same direction. The higher the brand image of Japanese restaurants, the higher the customer satisfaction. The indicators of brand image are This Japanese restaurant has a good brand image, The brand image of this Japanese restaurant is different from other Japanese restaurants and The brand image of this Japanese restaurant reflects a quality restaurant has a significant effect on customer satisfaction variables. This finding is consistent with the study of (Hakim et al., 2021); (Jin et al., 2016) and (Liao et al., 2020). The brand image was such an important factor to predict the customer satisfaction. Furthermore, the customer satisfaction would have an impact on the long-term relationship between the customers and the company (the Japanese restaurants), through the customer loyalty (Wirtz and Lovelock, 2018). The customer loyalty, sales, revenue and market share would increase (Lamb et al., 2005) and make the company's performance better (Kotler and Armstrong, 2014). One of the important elements in improving the brand image was the quality of Japanese restaurants, both in terms of food and service. In addition, the Japanese restaurant management also paid attention to its brand positioning, so that it had a different brand image from the competitors' brand images in the minds of customers.

Finally, this study also confirms that the perceived price fairness has a positive effect on the customer satisfaction which makes H<sub>3</sub> to be empirically supported. The

indicators of Perceived Price Fairness are In my opinion, the food price is reasonable, The food price is in accordance with the benefits I get, The food price is in line with the quality, In my opinion, the food price is acceptable. On the variable of customer satisfaction. This finding is in accordance with the results of the study by (Cuong and Khoi, 2019) and (Erdil, 2015) The more affordable the food price in Japanese restaurants, the higher the level of customer satisfaction. The affordability factor was the one with the greatest influence on the customer satisfaction compared to the brand image and perceived risk. Thus, the Japanese restaurant management focused on their pricing to predict the customer satisfaction. (Cuong and Khoi, 2019) and (Erdil, 2015) explained that if the Japanese restaurant management wanted to increase their price, there must be a reasonable explanation to the customers to avoid the customers to visit the competitors. In addition to the affordability factor, the management also needed to pay attention to maintaining or even improving the restaurant's brand image. Based on the respondent's profile, it shows that 40 percent of respondents are students, and 60 percent are under the age of 29 years old. This revealed that the affordability factor was an important factor in determining the level of customer satisfaction.

Customers' perceived risk did not influence their satisfaction, this result is in contrast with previous research by (Xu et al., 2015; Zhong and Moon, 2020). The Relationship of Brand image has a positive effect on customer satisfaction. In addition, that the results of this study confirms that there is a positive influence of brand image on customer satisfaction. This finding is consistent with previous research by (Xu et al., 2015; Zhong and Moon, 2020). Perceived price fairness has a positive effect on the customer satisfaction. This finding is in accordance with the results of the previous research by (Cuong and Khoi, 2019) and (Erdil, 2015).

In order to increase customer satisfaction, the company must pay attention to indicators such as brand image and perceived price fairness, namely This Japanese restaurant has a good brand image, The brand image of this Japanese restaurant is different from other Japanese restaurants, The brand image of this Japanese restaurant reflects a quality restaurant, In my opinion, the food price is reasonable, The food price is in accordance with the benefits I get, The food price is in line with the quality and In my opinion, the food price is acceptable.

## CONCLUSION

Based on the results of this study, it can be concluded that the perceived risk has no negative effect on customer satisfaction. The increase or decrease in the perceived risk has no impact on customer satisfaction. Then, the brand image has a positive effect on customer satisfaction. They move in the same direction, whereas when the brand image increases, the customer satisfaction also increases, and vice versa. Finally, the perceived price fairness has a positive effect on customer satisfaction. The more affordable the food price at Japanese restaurants, the higher the customer satisfaction would be.

This study has several limitations. First, this study used is the snowball sampling technique. This technique has a high probability of bias. Future researches are suggested to use the probability sampling such as cluster sampling whose respondents can be divided by regions or groups. Thus, the randomness of sampling can be applied. Second, this data of this study was analyzed using the least square-structural equation modeling (PLS-SEM)

approach. This approach cannot test the feasibility of the model. Therefore, future researches are suggested to use the covariance based-structural equation modeling (CB-SEM) approach which can test the feasibility of the model. Finally, the questionnaire of this study did not include the average customer spending when dining in at the Japanese restaurants. In fact, it is crucial to be used in the data analysis. Future researches are suggested to include the customers' amount of spending when they are dining in at the Japanese restaurants. Understanding the customers' amount of spending can provide a broader picture related to the affordability factor in the customers' perspective.

## REFERENCES

- Ahmadinejad, B., Karampour, A., and Nazari, Y. (2014). A survey on interactive effect of brand image and perceived quality of service on each other;(case study: Etk chain stores. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, 3(8), 2–17.
- Akiyama, M. J., Muller, A., Huang, O., Lizcano, J., Nyakowa, M., Riback, L., and Kurth, A. (2021). Hepatitis C-related knowledge, attitudes and perceived risk behaviours among people who inject drugs in Kenya: A qualitative study. *Global Public Health*, 3(2), 1–13.
- Ashraf, M., Niazi, A., and Zafar, U. (2018). Impact Of Brand Image, Service Quality And Trust On Customer Loyalty, Moderating Effect Of Perceived Price Fairness And Mediating Effect Of Customer Satisfaction: Case Study on Telecommunication Sector of Pakistan. *International Journal of Business Marketing and Management*, 3(10), 8–20.
- Bei, L. T., and Chiao, Y. C. (2001). An integrated model for the effects of perceived product, perceived service quality, and perceived price fairness on consumer satisfaction and loyalty. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 14(3), 125–132.
- Bernarto, I., Palupi, Y. F. C., dan Arianto, R. F. (2014). Pengaruh Persepsi Harga, Kualitas Makanan, Serviscapes, Lokasi. *Kepuasan, Dan Loyalitas Terhadap Word of Mouth*, 3(2), 23–31.
- Cuong, D. T., and Khoi, B. H. (2019). The effect of brand image and perceived value on satisfaction and loyalty at convenience stores in Vietnam. *Journal of Advanced Research in Dynamical and Control Systems*, 11(8), 1446–1454.
- Diana, M., Rajj, T., Melis, M., Nummenmaa, A., Leggio, L., and Bonci, A. (2017). Rehabilitating the addicted brain with transcranial magnetic stimulation. *Nature Reviews Neuroscience*, 18(11), 685–693.
- Erdil, T. S. (2015). Effects of customer brand perceptions on store image and purchase intention: An application in apparel clothing. *Procedia-Social and Behavioral Sciences*, 2(7), 196–205.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., and Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Los Angeles. SAGE.
- Hakim, M. P., Zanetta, L. D. A., and Cunha, D. T. (2021). Should I stay, or should I go? Consumers' perceived risk and intention to visit restaurants during the COVID-19 pandemic in Brazil. *Food Research International*, 14(1), 110–152.
- Henseler, J., Ringle, C. M., and Srstedt, M. (2015). A new criterion for assessing



- discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 4(3), 115–135.
- Jin, N., Line, N. D., and Merkebu, J. (2016). The impact of brand prestige on trust, perceived risk, satisfaction, and loyalty in upscale restaurants. *Journal of Hospitality Marketing & Management*, 25(5), 523–546.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1–22.
- Konuk, F. A. (2019a). The influence of perceived food quality, price fairness, perceived value and satisfaction on customers' revisit and word-of-mouth intentions towards organic food restaurants. *Journal of Retailing and Consumer Services*, 5(10), 103–110.
- Konuk, F. A. (2019b). The influence of perceived food quality, price fairness, perceived value and satisfaction on customers' revisit and word-of-mouth intentions towards organic food restaurants. *Journal of Retailing and Consumer Services*, 50, 103–110.
- Lamb, C. W., Hair, J. F., and McDaniel, C. (2005). *Essentials of Marketing*.
- Liao, G. Y., Tseng, F. C., Cheng, T. C. E., and Teng, C. I. (2020). Impact of gaming habits on motivation to attain gaming goals, perceived price fairness, and online gamer loyalty: Perspective of consistency principle. *Telematics and Informatics*, 4(9), 101–367.
- Oyata, C. N., Xiao, W., Nusenu, A. A., Tetteh, S., and Asante Boadi, E. (2021). The impact of value co-creation on satisfaction and loyalty: The moderating effect of price fairness (empirical study of automobile customers in Ghana). *Total Quality Management & Business Excellence*, 32(11), 1167–1181.
- Parry, M. E., Sarma, S., and Yang, X. (2021). The Relationships among Dimensions of Perceived Risk and the Switching Intentions of Pioneer Adopters in Japan. *Journal of International Consumer Marketing*, 33(1), 38–57.
- Purwanto, A., Asbari, M., dan Santoso, T. I. (2021a). Analisis Data Penelitian Manajemen Pendidikan: Perbandingan Hasil antara Amos, SmartPLS, WarpPLS, dan SPSS untuk Jumlah Sampel Kecil. *International Journal of Social, Policy and Law (IJOSPL)*, 01(01), 111–122. <https://ijospl.org/index.php/ijospl/article/view/64>.
- Purwanto, A., Asbari, M., dan Santoso, T. I. (2021b). Analisis Data Penelitian Marketing: Perbandingan Hasil antara Amos, SmartPLS, WarpPLS, dan SPSS untuk Jumlah Sampel Besar. *Journal of Industrial Engineering & Management Research (JIEMAR)*, 2(4), 216–227. <https://www.jiemar.org/index.php/jiemar/article/view/178/138>.
- Purwanto, A., Asbari, M., dan Santoso, T. I. (2021c). Analisis Data Penelitian Sosial dan Manajemen: Perbandingan Hasil antara Amos, SmartPLS, WarpPLS, dan SPSS untuk Jumlah Sampel Medium. *International Journal of Social and Management Studies (IJOSMAS)*, 02(04), 43–53. <https://www.ijosmas.org/index.php/ijosmas/article/view/50/40>.
- Purwanto, A., Asbari, M., and Santoso, T. I. (2021d). Education Management Research Data Analysis: Comparison of Results between Lisrel, Tetrad, GSCA, Amos, Smartpls, Warppls, And SPSS for Small Samples. *Nidhomul Haq: Jurnal Manajemen Pendidikan Islam*, 6(2), 382–399. <https://e-journal.ikhac.ac.id/index.php/nidhomulhaq/article/view/1575>.
- Purwanto, A., Asbari, M., Santoso, T. I., Haque, M. G., and Nurjaya. (2019). Marketing

- Research Quantitative Analysis for Large Sample: Comparing of Lisrel, Tetrad, GSCA, Amos, SmartPLS, WarpPLS, and SPSS. *Jurnal Ilmiah Ilmu Administrasi Publik: Jurnal Pemikiran Dan Penelitian Administrasi Publik*, 9(2), 355–372. <https://ojs.unm.ac.id/iap/article/view/22803>.
- Purwanto, A., Asbari, M., Santoso, T. I., Paramarta, V., and Sunarsih, D. (2020). Social and Management Research Quantitative Analysis for Medium Sample: Comparing of Lisrel, Tetrad, GSCA, Amos, SmartPLS, WarpPLS, and SPSS. *Jurnal Ilmiah Ilmu Administrasi Publik: Jurnal Pemikiran Dan Penelitian Administrasi Publik*, 9(2), 518–532. <https://ojs.unm.ac.id/iap/article/view/22804>.
- Purwanto, A., Asbari, M., Santoso, T. I., Sunarsi, D., and Ilham, D. (2021). Education Research Quantitative Analysis for Little Respondents: Comparing of Lisrel, Tetrad, GSCA, Amos, SmartPLS, WarpPLS, and SPSS. *Jurnal Studi Guru Dan Pembelajaran*, 4(2), 335–350. <https://e-journal.my.id/jsqp/article/view/1326>.
- Qalati, S. A., Vela, E. G., Li, W., Dakhan, S. A., Hong Thuy, T. T., and Merani, S. H. (2021). Effects of perceived service quality, website quality, and reputation on purchase intention: The mediating and moderating roles of trust and perceived risk in online shopping. *Cogent Business & Management*, 8(1), 1869363.
- Samadou, S. E., and Kim, G. B. (2018). Influence of Perceived Quality, Price, Risk, and Brand Image on Perceived Value for Smartphone's Consumers in a Developing Country. *East Asian Journal of Business Economics (EAJBE)*, 6(3), 37–47.
- Samoggia, A., Grillini, G., and Prete, M. D. (2021). Price Fairness of Processed Tomato Agro-Food Chain: The Italian Consumers' Perception Perspective. *Foods*, 10(5), 984–992.
- Simbolon, F. P., Handayani, E. R., and Nugraedy, M. (2020). The Influence of Product Quality, Price Fairness, Brand Image, and Customer Value on Purchase Decision of Toyota Agya Consumers: A Study of Low Cost Green Car. *Binus Business Review*, 11(3), 187–196.
- Tho, N. X., Lai, M. T., and Yan, H. (2017). The Effect of Perceived Risk on Repurchase Intention and Word-of-Mouth in the Mobile Telecommunication Market: A Case Study from Vietnam. *International Business Research*, 10(3), 8–19.
- Wirtz, J., and Lovelock, C. (2018). *Essentials of Service Marketing*. Pearson Education Limited.
- Wu, C. C., Liao, S. H., Chen, Y. J., and Hsu, W. L. (2011). Service quality, brand image and price fairness impact on the customer satisfaction and loyalty. *2011 IEEE International Conference on Industrial Engineering and Engineering Management*, 1160–1164.
- Xu, F., Li, Y., and Zhou, J. (2015). Brand awareness for entrepreneurial hotel chains: Perceived quality and brand loyalty. *The Anthropologist*, 19(3), 763–771.
- Yang, Q., Pang, C., Liu, L., Yen, D. C., and Tarn, J. M. (2015). Exploring consumer perceived risk and trust for online payments: An empirical study in China's younger generation. *Computers in Human Behavior*, 50(2), 9–24.
- Zhong, Y., and Moon, H. C. (2020). What drives customer satisfaction, loyalty, and happiness in fast-food restaurants in China? Perceived price, service quality, food quality, physical environment quality, and the moderating role of gender. *Foods*, 9(4), 460–469.