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Effect of Quality Products, Prices, Locations and Customer Satisfaction to Customer Loyalty Simpang Raya Restaurant Bukittinggi "Salero Nan Tau Raso"

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Abstract

The purpose of this research is to analyze: Influence of product quality, price, location, and customer satisfaction to customer loyalty Simpang Raya Restaurant. This type of research is causative descriptive research. The population in this study is all customers who make repeat purchases on the product of Simpang Raya Restaurant Bukittinggi. Data collection techniques in this study using observation techniques and questionnaires. Data analysis techniques obtained will be analyzed quantitatively and qualitatively. To analyze the relationship between these variables, analysis method used is this analysis of Structural Equation Modeling (SEM) uses AMOS Software version 22. The result of this research indicates that (1) product quality has significant effect to customer satisfaction of Simpang Raya Restaurant, Bukittinggi (2) price has significant effect to customer satisfaction of Simpang Raya Restaurant, Bukittinggi (3) Location has significant effect to customer satisfaction Simpang Raya Restaurant, Bukittinggi (4) Product quality has no effect to customer loyalty Restaurant Simpang Raya Bukittinggi (5) Price has no effect to customer loyalty Restaurant Simpang Raya Bukittinggi (6) Location has significant effect to customer loyalty Restaurant Simpang Raya Bukittinggi and (7) Customer satisfaction has no effect to customer loyalty Simpang Raya Restaurant, Bukittinggi.

Keywords: products quality, prices, locations, customer satisfaction and customer loyalty.

Introduction

The culinary industry is one industry that never dies. To create a restaurant that can attract customers required products or types of food offered to customers must have advantages and differences in taste, variety of menus, and how the presentation. Appropriate prices and locations that are easily accessible to customers will make customers feel satisfied and helped develop a restaurant. The development of culinary in Indonesia, especially in the city of Bukittinggi, one of which is known as a city of culinary tourism that has been famous to abroad because of its culinary flavor and one type of cuisine is the most delicious food. The many restaurants in Bukittinggi City, one of which is the restaurant Simpang Raya "Salero Nan Tau Raso". Simpang Raya Restaurant is one of the restaurants that serve the typical Minangkabau culinary in Bukittinggi City. Simpang Raya Restaurant in Kota Bukittinggi has three branches that are located at Jalan Sudirman no. 8, near the Wirabraja Square (Kantin), at Pasar Atas, just in front of Jam Gadang and at Aur Kuning, near the Aur Kuning bus terminal. This restaurant provides a variety of food menu also provides various types of beverages

Simpang Raya restaurants have received enough attention from customers, but along with the rapid development of restaurants, competition between restaurants has become increasingly high. Increasingly intense competition and the ability of companies to provide good quality products are not yet in line with the expectations of customers, so that if the overall customer is dissatisfied with the performance of Simpang Raya Restaurant, they will not make product purchases and repeat visits to the restaurant. Satisfied customers will make a good contribution to Simpang Raya restaurants. The expected contribution is to increase the volume of visits so that brand awareness can be created in the minds of customers, which in turn will benefit Simpang Raya restaurants. There are many choices of

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restaurants that exist, many things that are considered by customers to the decision in choosing in the hope that customers are satisfied in the taste of food they eat.

Oliver's loyalty in Kotler and Keller (2012) is a commitment to repeatedly purchase or re-subscribe to selected service products consistently in the future, although the influence of marketing situations and efforts has the potential to lead to behavioral change.

Customer loyalty is the result of satisfaction felt after receiving something given by the company. If the customer is satisfied then it will likely become a loyal customer. According to Lovelock (2005) who argue that customers experience various levels of satisfaction or dissatisfaction after experiencing each product / service in accordance with the extent to which their expectations are met or exceeded because satisfaction is an emotional state, their post-purchase reaction can be anger, aggravation of neutrality, fun or pleasure.

Furthermore, according to Griffin (2005) states that a loyal customer is a person who makes repeated purchases on a regular basis, buying between product lines and services, referring to others, showing immunity to the pull of competitors. The purpose of a restaurant to produce a product in general is the acceptance of the product well by the customer. The result related to customer satisfaction is the possibility to become a customer for a long time or a loyal customer. Loyal customers are customers who are very satisfied with a particular product or service so that they have the enthusiasm to introduce it to anyone known. Customer loyalty is very important, because each customer can provide material and nonmaterial benefits to the restaurant. The material advantage is to obtain the operating profit from the transactions made, while the non-material profits are loyal customers will recommend the purchase and invite others to perform the same transaction. Establish customer loyalty one of them by giving satisfaction.

Kotler and Keller (2013) Products are everything that the market offers to get attention, buy, use and that can satisfy the wants or needs of consumers. Based on the purpose of consumption is based on who the consumer is and for what product it is in consumption, then the product is classified into two ie, consumer goods (consumer's good) a product that can be consumed directly without going through further process to benefit from the product. Further on industrial goods (industrial's good) industrial goods is a type of product that still requires further process to obtain a certain benefit. Usually the result of a series of activities or processes of industrial goods traded back (Kotler and Keller, 2013).

Products produced by Simpang Raya Restaurants Bukittinggi in the form of food and beverages for certain variants have a taste that is quite tasty. But based on observations made it turns out there are some customers who complain about product quality problems in enjoying the food menu, often presents a less consistent taste, so many customers are looking for other restaurants that are more delicious dishes, when visitors crowded, sometimes serving a bit longer, and the menu of cuisine that customers want is unavailable and the portions served do not match the needs of the customers, as well as the dishes served in the restaurant are not necessarily hygienic, this is sometimes the customer feels dissatisfaction. In connection with the development of technology, where most customers in this era capture photos of food or drinks that they buy and post it on social media. In addition, customers also tend to share their experience more often with social media, whether it be praise or disappointment. Indirectly this will affect the loyalty of customers Simpang Raya Restaurant Bukittinggi. This is confirmed by the opinion of consumers to decide to buy food at Simpang Raya Restaurant

Alfin et al (2013) stated that product quality will encourage the shape of customer loyalty, product quality will certainly be seen if all the desires or expectations that consumers have can be realized. Consumer perceptions of product quality will form preferences and attitudes influence the decision to make a repeat purchase or not.

Satisfaction that is continuously felt by customers for the products they use will create customer trust in the company so that customers will create loyalty. So the quality of products that are good and in accordance with customer expectations will create satisfaction that can deliver effort in creating customer loyalty.



According to Kotler (2009), quality is defined as the overall characteristics and nature of goods and services that affect the ability to meet both the stated and the implied needs. Meanwhile, according to Tjiptono (2008), quality is a blend of properties and characteristics that determine the extent to which the output can meet the requirements of customer requirements or assess how far the characteristics and characteristics that meet their needs. In addition to product quality, prices are also an important variable in marketing. Low prices or affordable prices are triggers to improve marketing performance. However, prices can also be a quality indicator where high quality products will be bold at high prices. Prices can affect customers in making decisions to purchase a product. Kotler (2010) states that what is meant by price is the amount of money set by the product to be paid by the customer to cover the costs of producing, distributing and selling the principal including the return that marks the effort and the risk. Simpang Raya Restaurant has not provided price certainty so that customers cannot calculate with certainty the amount of money to be spent on food and drinks they buy. So that price uncertainty affects customer loyalty in Simpang Raya.

Virvilaite et al. (2009), states that prices are one of the most flexible marketing mix elements that can quickly change, after changing certain product characteristics and services. How customers see a certain price, where the price of a low-high product can be a significant effect on the customer's intention to buy a product. Fairness of prices will affect customer perceptions and will ultimately affect their willingness to become customers.

The price set will affect customer loyalty, because mistakes in setting selling prices will result in customers feeling disappointed. Herrmann et al (2007) stated that price loyalty affects customer satisfaction in a positive way but perceived fairness of prices can be negatively affected by customer vulnerability. Customers want good quality products at affordable prices that they can buy easily and if there are companies that provide this to customers, it will build good long-term relationships with customers (Peng & Wang, 2006). In addition to prices, Simpang Raya Restaurant also needs to pay attention to location as a function that must be done to market products or products of the company effectively. If the choice of location and distribution of products is done effectively, the customer will be easy to get the product and will affect their satisfaction.

Angipora (2002), the choice of location and distribution to be used must get its own attention by the company, because improperly in choosing the location and type of distribution used, customer satisfaction will be difficult to achieve so customers will not be loyal. Simpang Raya Restaurant has chosen a location in the center of the city of Bukittinggi and the availability of a large enough parking area so that customers are easy to reach the location. But at that location there are several restaurant competitors that present similar products that are near the location of Simpang Raya Restaurant so that customers can freely choose.

Kotler and Armstrong (2012) location is a place where company activities make products available to target customers. Furthermore, according to Boone (2002) a place (or distribution / place strategy) strategy ensures that customers receive their purchases in the appropriate quantity at the right time and place. Many companies not only offer benefits from the superiority of products and quality, price and promotion, but also distribution as the basis of their business strategy. Establish effective location strategies that are easily accessible to consumers eating consumers will feel satisfied and loyal to the company.

Methods

This study uses a quantitative approach (quantitative approach). The analysis technique used is Structural Equation Model (SEM) which is a statistical analysis method used to explain the effect of product quality, price, location and customer satisfaction on customer loyalty. The data collection technique of this study was a questionnaire. The number of samples in this study is 200



Results and Discussion

Measurement model

The purpose of overall measurement model is to analyze the convergent validity and fit models of the three latent variables simultaneously. If the overall measurement of this model can meet the requirements of convergent validity and model fit, then the model can be continued to the next stage of the structural model. The results of the overall measurement model as follow:

The Measurement Model shows how the manifest variable (indicator) presents the latent variable to be measured by testing the validity and reliability of the latent variable through a confirmatory factor analysis (CFA). On the confirmation factor analysis value of Chi Square 516,419 degrees of freedom value 200 and probability Level 0,000 <0.001 indicates that this model is in accordance with the data or fit. In this study the value of degrees of freedom is 200. If the value of degree of freedom is smaller, then the value of chi square will decrease.

Structural model results

The structural model displayed a good fit with the data, compared with the suggested fit criteria. The structural model above shows a chi-square of 516,419 and a degree of freedom of 200. The results show that the values of CMIN / Df, RMSEA, TLI and CFI correspond to the criteria. Although the value of GFI and is marginal, but according to Hair et al (1998: 623), the value of CFI, GFI, and AGFI close to the recommended value, then the model is still eligible to continue. This means the model is fit and feasible to use. Analysis of data processing result at full stage of SEM model is done by conducting fit test (goodness of fit). The test results of goodness-of-fit model are described in the following table 1.

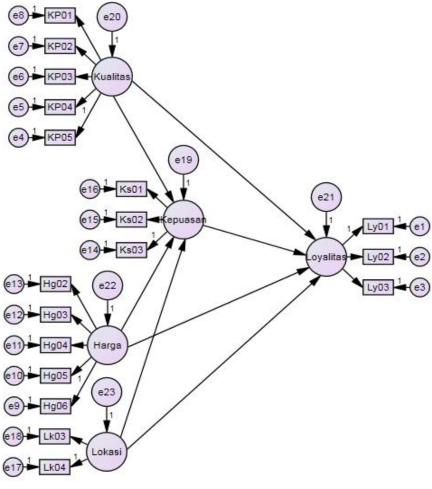
Based on the results, Chi Square value is 516,419 with the probability level 0.000, According to Hair (2010) for sample size <250 with significant Probability value included in good fit, model evaluation in this research is fit. CMIN / DF equal to 1.73 cale from 2.00 then conclusion evaluation model is fit. CFI value is 0.95 bigger than 0.90 then conclusion evaluation model is fit. The RMSEA value is 0.015 collary from 0.08 then the model evaluation conclusion is fit. The TLI value is 0.91 equals 0.90, the model evaluation conclusion is fit. The value of GFI is 0.89 approaching 0.90, and then the model evaluation conclusion is marginal. The value of AGFI is 0.86 approaching 0.90, and then the model evaluation conclusion is marginal. Based on the above explanation can be concluded that the model in this study is fit, the number on some criteria is close to the characteristics fit, so the model in this study is feasible to use.

Table 1 Test Results Goodness-of-fit Model

No	Indeks	Critical Value	Results	Model Evaluation	
1	Chi Square	-	516,419 (p=0,000)	Fit	
2	CMIN/DF	<2,00	1,73	Fit	
3	CFI	≥0,90	0,95	Fit	
4	RMSEA	≤0,08	0,015	Fit	
5	TLI	≥0,90	0,91	Fit	
6	GFI	≥0,90	0,89	Marginal	
7	AGFI	≥0,90	0,86	Marginal	

Source: Primary Data Processed (2018)





Chi-square = 516,419 Probability= 0,028 CMIN/DF=1,73 AGFI= 0,86 GFI: 0,89 TLI= 0,91 CFI= 0,95 RMSEA= 0,015

Figure 1 Overall Measurement Model

Hypothesis testing

Criteria of goodness of fit structural model are estimated to be fulfilled, and then the next stage is the analysis of the structural relationship model (hypothesis testing). The relationship between constructs in the hypothesis is shown by the value of regression weights below:

Table 2 Regession Weights

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			Estimate	S.E.	C.R	P	Label		
Satisfaction	<	Prices	.551	.081	6.782	***	par_17		
Satisfaction	<	Quality	.532	.097	5.463	***	par_18		
Satisfaction	<	Locations	.589	.171	3.451	***	par_20		
Loyalty	<	Satisfaction	086	.340	2.253	.800	par_14		
Loyalty	<	Prices	081	.195	.412	.680	par_15		
Loyalty	<	Locations	.994	.272	3.660	***	par_16		
Loyalty	<	Quality	.302	.194	1.555	.120	par_19		

Source: Primary Data Processed (2018)



Results

This study examines the effect of product quality, price, location and customer satisfaction on customer loyality of Simpang Raya Restaurant Bukittinggi. Based on the results of analysis of product quality variables significantly influence customer satisfaction Simpang Raya Restaurant which can be seen from the t-statistic value in CR value of 6,782> 1.96. The results of the description of the product quality variable on satisfaction shows that customers are satisfied with the quality of the products offered by Simpang Raya Restaurant. Customers are very satisfied with the varied menu, whether it's food or drinks. Customers are also satisfied with the taste of food, satisfied with hygienic food and drinks, and satisfied with the portion of food and drinks. The better the quality of the product served by the Simpang Raya Restaurant, the higher the satisfaction felt by the customer. This is in line with the research conducted by Jahanshahi (2011) the results of his research concluded that product quality had a significant effect on customer satisfaction. If a product meets customer expectations, customers will be happy and assume that the product is acceptable or even high quality. Research Saidani (2012) concluded that creating quality products that are highly preferred by consumers is critical for corporate marketing. In addition, the results of the hypothesis are also supported by Alfin et al (2013) stating that product quality will drive the shape of customer loyalty, product quality will certainly be seen if all the desires or expectations that consumers have can be realized. Riswandhi (2014) concluded that product quality has a significant effect on customer satisfaction, if product quality increases, customer satisfaction will also experience a significant increase. This research is also supported by research conducted Suwarni and Mayasari (2011) which states that there is a significant influence between the quality of IM3 prepaid card products on satisfaction. Furthermore, research conducted by Chai et al. (2009) found that product quality for a customer is one of the important factors in identifying new customer needs and as we know, offering customers with undiscovered needs is the key to customer satisfaction. Product quality is very important in the company. As stated by Kotler and Armstrong (1996) states that product quality has a very close relationship with customer satisfaction because product quality can be assessed from the product's ability to create customer satisfaction. Whereas Tjiptono (2008) stated that in order to create customer satisfaction, the products offered by the organization must be of high quality. In line with what was stated by Mulyono (2007) found evidence that product quality has a significant effect on customer satisfaction. Consumer perceptions of product quality will form preferences and attitudes influence the decision to make a repeat purchase or not.

The price variable has a significant effect on customer satisfaction Simpang Raya Restaurant which can be seen from the t-statistical value in obtained CR value of 5.463> 1.96. This means that overall visitors are satisfied with the prices set by Simpang Raya Restaurant. The more affordable prices offered by Simpang Raya Restaurant, it will increase customer satisfaction because it can be enjoyed by all people, the price paid is in accordance with the quality of the product served, prices are calculated honestly, and prices according to the benefits received are able to provide satisfaction to customers. In this study, pricing is reasonable and reasonable, prices that are competitive with other restaurants and prices paid according to the quality of the products received have been able to provide satisfaction to customers. Perception of prices is an important factor in creating customer satisfaction at the Simpang Raya RestaurantBukittinggi. This is in line with the research conducted by Akpoyomare (2014) concluded that price suitability will affect customer satisfaction. Research Peng & Wang (2006) also concluded that customers want good quality products at affordable prices that they can buy easily and that price compatibility is an important factor in influencing customer satisfaction. Afifudin (2016), prices have a dominant and significant effect on customer satisfaction. This shows that the more attractive prices are in the eyes of consumers, the more customer satisfaction with prices will increase. Achmad (2013), concluded that price fixing that was feasible, competitive prices and conformity between prices provided with the quality of products / services obtained by customers would be one of the determining factors in creating customer satisfaction.

The results of the analysis of location variables significantly influence customer satisfaction Simpang Raya Restaurant which can be seen from the t-statistic value in obtained CR value of 3.451>



1.96. This means that overall visitors are satisfied with the location of the Simpang Raya restaurant. Besides that, the location of Simpang Raya restaurant is also passed by public transportation so that access to transportation is also easy for customers. Kotler and Armstrong (2012) stated that place or location, namely various company activities to make products produced or sold affordable and available to the target market. Research Afifudin (2016) concluded that that the more attractive the location in the eyes of consumers, the more customer satisfaction with the location. Research conducted by Akpoyomare (2014) concluded that location selection is very important in industry because location is the main factor that is considered by consumers in choosing the desired store or service provider.

Analysis of the variable quality of the product does not have a significant effect on customer loyalty Simpang Raya Bukitinggi Restaurant which can be seen from the t-statistical value in obtained CR value of 1.555 <1.96. So it can be concluded that the product quality offered by the Simpang Raya Restaurant does not have a significant effect on the customer loyalty of the Simpang Raya Restaurant Bukittinggi. The logical reason for not accepting this fourth hypothesis is that product quality has no significant effect on the loyalty of Simpang Raya Restaurant customers, partly because the object of this study is not core products in the form of services but goods (goods), as we know that interactions made to customers from products in goods are smaller than interactions with products in the form of services. Another assumption that can be explained is that there is a product quality from restaurant competitors that has greater influence on loyalty, so customers have more varied choices of places to eat, this is what does not lead to customer loyalty in Simpang Raya Restaurant. Product quality is very important for all restaurants to maintain and get customers. However, good product quality from a restaurant does not guarantee customer loyalty (Arzena 2010). This finding is also in accordance with previous research conducted Inka (2014) concluded that product quality does not significantly influence customer loyalty because with the growing restaurant growth and the products offered also vary, people as customers have consideration in choosing restaurant products to be consumed. In line with the findings of Ika, that product quality does not have a large influence on customer loyalty. The meaning of these findings is that customers are not necessarily loyal to DW Coffee if they get a quality meal.

Based on the analysis of the variable price does not have a significant effect on customer loyalty Simpang Raya Restaurant which can be seen from the t-statistical value obtained CR value of 0.412 <1.96. So it can be concluded that product prices have no significant effect on customer loyalty of Simpang Raya Bukittinggi Restaurant. This finding is also in accordance with previous research conducted Muala (2007), Melysa (2013) and Pongoh (2013) which states that prices do not affect the loyalty of customers of AS Telkomsel Cards in Manado City. Lupiyoadi, (2013) if a product requires customers to spend more than the benefits received, then what happens is that the product has a negative value so that the customer loyalty level will also decrease. In addition, supported Achmad shows that prices do not have a positive and significant effect on customer loyalty. This is due to the price that consumers feel is more expensive than other hospitals operating in the city of Tuban, the prices set are not comparable to the services provided to patients.

Based on the results of the analysis of location variables have a significant effect on customer loyalty Simpang Raya Bukitinggi Restaurant which can be seen from the t-statistic value obtained CR value of 3.660> 1.96. So it can be concluded that the distance between the customer's location and the Simpang Raya Bukittinggi Restaurant is very influential on the customer loyalty of the Simpang Raya Bukittinggi Restaurant. Simpang Raya Restaurant is very good in terms of easy access and a strategic place, but this location is still focused on the Bukittinggi area, so that this becomes an important concern for customers outside the area, customers can switch to other restaurants if there is no continuation from the restaurant itself. This finding is also in accordance with previous research conducted Ayed Al Muala (2012) with the results of his research concluding that location also has a significant effect on loyalty. In addition, the results of the hypothesis are also strengthened according to Muala (2012), Thalib (2015), and Owomoyela (2013) also show that in creating consumer loyalty is a



location factor that is able to make consumers satisfied. Establish effective location strategies that are easily accessible to consumers, consumers will feel satisfied and loyal to the company.

Based on the analysis of satisfaction variables did not have a significant effect on customer loyalty Simpang Raya Bukitinggi Restaurant which can be seen from the t-statistical value obtained CR value of -0.253 <1.96. From the discussion above the rejected hypothesis indicates that customer satisfaction does not significantly influence customer loyalty, meaning that customers are only satisfied after consuming food offered by the Simpang Raya Restaurant. The reason that can be explained is that Simpang Raya Restaurant can feel satisfied with the quality of its products, but they are not loyal. This is because there are many alternative choices of restaurants, customers tend to move around by reason of not being bored in one place, so customers of Simpang Raya Restaurant are not necessarily willing to come again later, so they do not necessarily recommend Simpang Raya Restaurant to others, customers trust other restaurants more than Simpang Raya restaurants. Satisfied customers are not necessarily loyal because they are influenced by several factors such as the tight competition of restaurants, the pricing of food that is still not transparent and the location of Simpang Raya Restaurant cannot be reached by all customers such as customers outside the area. According to McIlroy and Barnett (2000) states that customer satisfaction is not an accurate indicator of loyalty. Satisfaction is very important but not a condition of sufficient loyalty. In other words, intersection restaurant customers can be satisfied with the products offered, but customers may not necessarily be loyal. he results of this study are supported by the results of previous studies conducted Prita (2014), the results of his research concluded that satisfaction did not significantly influence Starbucks coffee shop loyalty in the cities of Surabaya and Kuala Lumpur. Customers are not loyal to the coffee shop even though Starbucks clearly has a brand and the quality of its products and services is no doubt. But because of the many choices of coffee shop alternatives, customers tend to move around with reasons not to get bored in one place. The results of Eviana's (2017) study also concluded that satisfaction did not significantly influence loyalty. Likewise with the results of research revealed from Rahmat (2013) with the results of the study showing that satisfaction does not have a significant effect on customer loyalty in the use of quality and costs from the internet. Besides the results of the hypothesis are also strengthened according to Griffin (2005), a high level of customer satisfaction does not necessarily result in repeat purchases and increased sales. The results of this study, in accordance with Tjiptono (2006) stated that not necessarily satisfied customers will always be loyal or repeat purchases.

Conclusions

Based on the results of the study there are several conclusions that can be taken as follows:

The results of the first hypothesis test indicate that there is a significant and positive influence between product quality and customer satisfaction at the Simpang Raya Bukittinggi Restaurant. This means that the more perceived product quality is felt by Simpang Raya Restaurant Bukittinggi, the higher the customer satisfaction will be felt.

The results of the second hypothesis test show that there is a significant and positive influence between the price and customer satisfaction by Simpang Raya Restaurant Bukittinggi. This means that the price effect is very sensitive to customer satisfaction by Simpang Raya Restaurant Bukittinggi.

The results of the third hypothesis test show that there is a significant and positive influence between the location and customer satisfaction by Simpang Raya Restaurant Bukittinggi. This shows that the influence of the location distance between customers with Simpang Raya Restaurant Bukittinggi greatly affects customer satisfaction by Simpang Raya Restaurant Bukittinggi.

The result of the fourth hypothesis shows that there is no significant relationship between product quality and customer loyalty with Simpang Raya Restaurant Bukittinggi. This shows that the product quality offered by Simpang Raya Restaurant Bukittinggi does not affect the customer loyalty of Simpang Raya Restaurant Bukittinggi.

The results of the fifth hypothesis indicate that there is no significant relationship between price and customer loyalty with Simpang Raya Restaurant Bukittinggi. This shows that the price offered



Simpang Raya Restaurant can not be said loyal because customers assess the lack of food price transparency offered Simpang Raya Restaurant after the food is consumed.

The results of the sixth hypothesis shows a significant and positive relationship between location and customer loyalty with Simpang Raya Restaurant Bukittinggi. This shows that the distance between customer location with Simpang Raya Restaurant Bukittinggi very influential on customer loyalty Simpang Raya Restaurant Bukittinggi.

The results of the seventh hypothesis show no significant relationship between customer satisfaction with customer loyalty with Simpang Raya Restaurant Bukittinggi. This shows that customers only feel satisfied after consuming the food offered by the Simpang Raya Restaurant. They may feel satisfied with the quality of their products, but they are not loyal. This is because the number of alternative choices of restaurants, so customers Simpang Raya Restaurant not necessarily willing to come again at a later time. In addition, the pricing of food that is still not transparent and the location of Simpang Raya Restaurant cannot be reached by all customers such as customers who are outside the area.

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