THE INFLUENCE OF PRICE, SERVICE QUALITY, AND PHYSICAL ENVIRONMENT ON CUSTOMER SATISFACTION. CASE STUDY MARKOBAR CAFE MANDO

PENGARUH HARGA, KUALITAS PELAYANAN, DAN LINGKUNGAN FISIK TERHADAP KEPUASAN PELANGGAN. STUDI KASUS KAFE MARKOBAR MANADO.

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Abstract: The Customer Satisfaction is the extent to which the responds of products or service meet the expectation of buyers. If the performance of the product or service is higher than the expectation of customer, the buyers will be satisfied. There are several factors that influence customer satisfaction such as price, service quality and physical environment. At the beginning of 2016 Markobar café become famous, and now Markobar Café already open some new branch in several cities in Indonesia and also in Manado. This studied aimed to determine the effect of price, service quality and physical environment on customer satisfaction in Markobar Café Manado. The type of this research is Multiple Regression analysis and the data was collected from 60 respondents of Markobar Café’s Manado. This research showed that simultaneous price, service quality and physical environment significantly influence customer satisfaction. Partially service quality and physical environment significantly influence customer satisfaction and price variable is not significant influence on customer satisfaction. Service quality and physical environment has contributed greatly to the customer satisfaction so the manager should consider about that two factors.

Keywords: price, service quality, physical environment, customer satisfaction.


Kata kunci: harga, kualitas pelayanan, lingkungan fisik, kepuasan pelanggan.
INTRODUCTION

Research Background

Globalization has pushed the business world is becoming increasingly competitive. Competition is always appears in the business world that encourages the emergence of new ideas that can build products or services as giving out more value to its customers. Meanwhile, the term of globalization does not only occur in creating a tough competition of business environment, however it also happens in the high amount of information flows that have changed the lifestyle of society. Retail stores are recognized because it lists so many strategies to win the consumers interest, heart and grasp consumer attentions to look at its attractions. There are some factors that will influence consumers to go buy products in retail stores such as the comfortable place, music, store cleanliness, lighting, store return policy, price, promotion, variety of product, customer service, store design, good location, parking, discount, quality of product, brand awareness, brand image, store display.

One type of business that has increased very rapidly is the culinary business, increased very rapidly is characterized by the great variety of culinary business that we can find in Indonesia, ranging from cafes, restaurants, cafes, bars, and various types of foreign franchises are also in the business of culinary. Based on Indonesia big population that is 254.9 million on a CPM basis, culinary business became one of the very promising efforts in Indonesia. In fact, in 2013 the hotel and restaurant business accounted for 14, 33% to the GDP (Gross Domestic Product) of Indonesia. This business became the third largest contributor to the total GDP of Indonesia after the manufacturing and agribusiness (http://cekindo.com/restaurant-market-experiencing-great-growth-opportunity-in-indonesia.html, accessed on 19 October 2015).

According Marsum (2001: 8-11), there are twenty-two types of restaurants, namely a'la carte restaurant, table d'hote restaurant, coffee shop or brasserie, cafeteria / café, canteen, continental restaurant, carvery, dining room, dischoteque, fish and chip shop, grill room (roisserie), inn tavern, night club / super club, pizzeria, pan cake house / creperie, pub, snack bar / café / milk bar, a specialty restaurant, terrace restaurant, a gourmet restaurant, family type restaurant, and the main dining room. Cafe is one of the twenty-two types of restaurants above which are frequented by the upper middle class in Indonesia.

One of the newest cafe that just existed around two years, which will give you another experience is Markobar. This cafe provides foods and drinks with some variant. But not only food and drinks that offering by this owner cafe, it also give different atmosphere to its customers. Markobar stands for Martabak Kota Barat. This businesses started in Solo city around 2015, currently has several cafes in Indonesia, such as Jakarta, Surabaya, Makassar and Manado.

Manado is a good place to do market expansion As one of growing city in Indonesia, Manado is capital city of north sulawesi wich mean that the center of goverment of North Sulawesi is in Manad, this city also is the center of business, but not only the center of goverment and business, this biggest city in North Sulawesi also is the center of education for you can find many school and universiy. Thats why there are many people gathered in Manado everyday. And based on the reason above the owner of Markobar Cafe choose Manado to do the market expansion. In Manado Markobar located at B.W Lapiian Road No. 46 Tikala

It is inevitable that from the overall activities carried out by the company would aim to provide a sense of satisfaction to the customer. Customer satisfaction is the level of feeling that someone claimed the comparative results on the performance of the products or services received and the expected (Kotler, 2003). In this era of globalization, the company will always be aware that how importance the customer. Therefore, measuring customer satisfaction is not easy.

Customer satisfaction highly depends on the perception and expectation of customer. A company needs to know some of the factors that affect customer perceptions and expectations Yuliarmi (2003). Price is one important factor in sales. Many companies go bankrupt because of set prices that do not match the market. Besides the price, quality of service is another factor effect the level of customer satisfaction. Company that prioritizes good quality services will have an impact on customer satisfaction (Walker, 2001: 35). Quality of service in an effort to realize the convenience to consumers so that consumers feel has a value greater than that expected Price and service quality are two important factors that effect of the level of customer satisfaction but nowadays in cafe there is another factor that effect of the customer satisfaction which is physical environment. According to Lim (2010) the physical environment of the restaurant is influence the customer satisfaction such like music, setting arrangement, decoration these are things which create the positive image of the restaurant in the mind of customers.
Research Objective

The objective of this research is to find out the factors that contribute more to customer satisfaction in Markobar Cafe Manado.

THEORETICAL FRAMEWORK

Marketing

Marketing, more than any other business function, deals with customer. Understanding, creating, communication, and delivering customer value and satisfaction are at the heart of modern marketing thinking and practice. Marketing is the delivery of customer satisfaction for a profit. The twofold goal of marketing is not to attract new customers by promoting superior value and to keep current customers by delivering satisfaction.

Consumer Satisfaction

Customer satisfaction has become the most significant aspect in the field of business, because satisfied customers have a significant impact on the profitability of business. Kotler (2001:6) states that customer satisfaction is the extent to which a product’s perceived performance matches a buyer’s expectations. If the product’s performance falls short of expectation, the buyer is dissatisfied. If performance matches or exceeds expectations, the buyer is satisfied or delighted. While the literature contains significant differences in the definition of satisfaction, all definitions share common elements.

Price

Price is a value that will purchase a finite quantity, weight, or other measure of a good or service. As the consideration given in exchange for transfer of ownership, price forms the essential basis of commercial transactions. It may be fixed by a contract, left to be determined by an agreed-upon formula as a future date, or discovered or negotiated during the course of dealings between the parties involved. Philip Kotler 2014, Price is the amount of money charged for a product or service.” Broadly, price is the total amount that is exchanged by the customer to obtain a benefit of the product or service offered.

Service Quality

Service quality has been a critical judgment of the superiority of service which is provided by some business service. Service quality is determined by the difference between expected service and perceived service from business service. The definitions of service quality vary only in wording but typically involve determining whether perceived service delivery meets, exceeds, or fails to meet customer expectations (Cronin and Taylor, 1992; Oliver, 1993; Zeithaml, berry, and Parasuraman, 1993). Service quality has also been defined by Czepiel (1990) as customer perception of how well a service meets or exceeds its expectations. Service quality is commonly noted as a critical prerequisite and determinant of competitiveness for establishing and sustaining satisfying relationships with customers. Previous studies suggest that service quality is an important indicator of customer satisfaction (Spreng and Machoy, 1996). Attention to service quality can make an organization different from other organizations and gain a lasting competitive advantage (Boshoff and Gray, 2004). In particular, consumers prefer service quality when the price and other cost elements are held constant (Turban, 2002). It has become a distinct and important aspect of the product and service offering (Caruana, 2002). The satisfaction a customer gets from quality of service offered is usually evaluated in terms of technical quality and functional quality (Gronroos 1984). Usually, customers do not have much information about the technical aspects of a service; therefore, functional quality becomes the major factor from which to form perceptions of service quality (Donabedian, 1982). Service quality can be measured in terms of customer perception, customer expectation, customer satisfaction, and customer attitude (Sachdev & Verma 2004). Ekinci (2003) indicates that the evaluation of service quality leads to customer satisfaction. Rust and Oliver (1994) define satisfaction as the “customer fulfillment response,” which is an evaluation as well as an emotion-based response to a service.

Service Quality

Physical environment is another aspect in which a restaurant can build its competitive advantage. Physical environment consists of all the tangible and intangible elements that exist inside and outside a restaurant. To improve the physical environment, the restaurants’ managers should invest substantially on interior designs;
decorations, floor cleanliness, and other accessories, because such expenditures are the most important investments for attracting customers (Azim et al., 2014). Additionally, ambient environment includes intangible background features that have significant influence on consumers’ perceptions and relative responses towards the environment of a service provider (Nguyen & Leblanc, 2002). Such intangible features consist of temperature, lighting, scent, noise, quality of air and music (Bitner, 1992). A well maintained physical environment in a restaurant should then provide distinctive customers’ experiences and makes them willing to revisit the restaurant frequently. Choi et al. (2013) highlighted that the elements of physical environment include aesthetics, the surroundings, functionality, and convenience.

The significance of constructing a good-looking physical environment has received high emphasis from several scholars and restaurants’ managers considering it as an important factor for reinforcing and increasing the satisfaction of customers in the hospitality industry (Ryu & Han, 2010). Past studies found that the physical quality of a restaurant’s environment has a positive influence on the satisfaction of customers (Nasir et al., 2014). According to Canny (2014), physical environment is a key marketing factor for differentiating a restaurant by establishing a remarkable customer experience with a pleasant and comfortable atmosphere. Therefore, physical environment has greater effect on maintaining existing customers as well as attracting new ones. Moreover, a well-designed physical environment is considered to be important for influencing consumers’ pre-purchase decisions as well as their post-purchase behavior while evaluating their satisfaction towards the quality of products and services of a service provider (Bitner, 1992).

Previous Researches

In all business or organization customer satisfaction is most important factor or issue and it is consider as a more valid and reliable feedback from the customers about your business and for the goodness of any business customer satisfaction play a vital role in the market field, and to measure the customer satisfaction different variables are select in the study such like price, quality in service and the environment of the restaurants, and through different analysis it is concluded that there is positive and significance relationship between these variables and the customers satisfaction.

Conceptual Framework

![Conceptual Framework Diagram]

Note:
- Simultaneously
- Partially

Source: Data Processed, 2017
RESEARCH METHOD

Types of Research
This research is a causal type of research and used quantitative method that formed from the responses by a questionnaire. This research is causal type of research that aims to analyzing the influence of Price, Service Quality and Physical Environment on Customer Satisfaction. Causal research, is a type of research that tried to determine the cause underlying a given behaviour. It finds the cause and effect relationship between variables. It seeks to determine how the dependent variable changes with variations in the independent variable. Quantitative research is a formal, objective, systematic process in which numerical data are used to obtain information about the world. (Burns & Grove 2005:23).

Place and Time of Research
This research held in Manado. The time of research started from October 2016 to January 2017.

Research Procedure
The step of the research conducted are as follows:
1. First, the researcher learn about the issue
2. After learn about the issue, researcher learns the theories that can be used in this research.
3. The researcher choose the method that will be use, in this case using Quantitative method
4. After that, the researcher make list of question for questionnaire and make the questionnaire based on indicators.
5. After the researcher make questionnaire, the researcher distributes the questionnaire to the population, which is customer of MARKOBAR Manado.
6. If the population already fulfills the questionnaire, the researcher collects the data/questionnaire.
7. And then the researcher input the data from questionnaire. And this procedure called Data tabulation.
8. Next procedure is the researcher input the data to SPSS program. This procedure called Data Processing.
9. The last procedure is data analysis. The researcher analysis the data t
10. hat already done, processing from SPSS program. If there is significant effect from variables X1, X2, X3 (Price, Service Quality, Physical Environment) on Variable Y (Customer Satisfaction) for Markobar Café Manado.

Population and Sample
According to Sekaran and Bougie (2010), population is “the entire group of people, events, or things which a researcher desire to research”. Generally, this study focuses on all the customer of Markobar Café the population that is mainly observed in this research are the customer of Markobar Kafe Manado. According to Sekaran (2000). A sample is “a part of the population”. For the sample of this research is customer of Markobar Manado. This research will use convenience sampling method. The sampling design is convinience sampling that is considered as the best way of getting some basic information from members of the population who are conviniently available to provide it (Sekaran, 2000). The sample of this research is all the Customer of Markobar Manado. According to Heir et al.,(2010), suggest that for regression type of analysis, the sample size should 15 – 20 per independent variable. So based on that theory the sample size of this research is 60 respondents for the independents variable of this research are, price, service quality and physical environment.

Data Collection Method
Primary data is a data that is collected by researcher directly from the first source or object where the research is conducted (without media intermediaries). In this study, the primary data source is from questionnaire. Data are gathered trough such existing source called secondary data (sekaran 2003:59). The secondary data is taken from books, journals, and relevant litarature from library and internet. These secondary data were used in the background, litarature review, research methode, and discussion.
Data Analysis Method

Validity Test
Validity testing is done by correlating the scores between each of the questions with a total score obtained from the sum of all scores questions. If the correlation is significant, then the measuring instruments used have validity. The validity test in this study used a Pearson Correlation method. By using the critical number of R Square with significant rates of 5% of N = number of respondent. If the correlation coefficient R > R Square, it means the question is valid, otherwise if R < R Square, then the question is not valid (Sumarsono, 2004: 31).

Reliability Test
Reliability testing is performed to determine whether the answer given respondent trustworthy or reliable by using analysis through Cronbach Alpha method. Alpha Cronbach is reliable coefficients one another (Sekaran, 2006: 177)
- If alpha is > 0.90 then it is stated the reliability is perfect.
- If alpha is 0.70 – 0.90, it is stated that the reliability is high.
- If alpha is 0.50 – 0.70 it is stated that the reliability is moderate.
- If alpha is < 0.50 then it is stated that reliability is low.
- If alpha is low, there is a possibility that one or more items are not reliable.

Multiple linear Analysis
Multiple linear regression analysis is a linear relationship between two or more in dependent variables (X1, X2,Xn) with the dependent variables (Y). this analysis to determine the direction of the relationship between the dependent and independent variables, whether each independent variable associated positive or negative, and to predicted the value of dependent variable when the independent variable values increase or decrease. The date used is usually an interval or ratio.

RESULT S AND DISCUSSION

Result of Factor Analysis

Table 4.8 T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>-1.243</td>
<td>.219</td>
</tr>
<tr>
<td>Price</td>
<td>.434</td>
<td>.666</td>
</tr>
<tr>
<td>Service Quality</td>
<td>5.038</td>
<td>.000</td>
</tr>
<tr>
<td>Physical Environment</td>
<td>3.895</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Data Processed , 2017

From the result above shows that the significant of p-value = 0.666 > 0.05, it means that H0 rejected and accepted H1 or Price (X1) not has significant effect of Customer Satisfaction (Y). And from the table above shows that Service Quality(X2) the significant of p-value = 0.000 < 0.05, it means that H0 accepted dan rejected H1 or Service Quality(X2) has significant effect of Customer Satisfaction (Y). From the table above shows that Physical Environment (X3) the significant of p-value = 0.000 < 0.05, it means that H0 accepted and rejected H1 or Physical Environment (X3) has significant effect of Customer satisfaction (Y).
Discussion

Price is one of the most susceptible factor of a product. When a price of a product is high the quality of a product also is good. But if companies increase the price without increase of keep the quality so the customer satisfaction will be decrease so can be spoken that price has influence the customer satisfaction. In the result of this research shows that price not significant effecting customer satisfaction in Markobar Café Manado. It cause by Markorbar’s product in new in manado, that’s why the customers are curious by the test of the products, Markobar kafe also offering some unique products that not offering by other other kafe in Manado so the people not concern with the price to satisfy their own self. This research also supporting by Atmajaya Research (2011) who doing research about the effect of Price, Company Brand Image on Customer Satisfaction and Customer Loyalty of the service of the Dosmestic Flight Garuda Indonesia in Denpasar Bali. This result shows that price not significant effecting customer satisfaction.

Service quality is an important indicator to measure the customer satisfaction. If the company increase the service quality, the customer will be more satisfy, and if company decrease the service quality ofcourse the customer will be not satisfy. That’s why service quality is very effecting on customer satisfaction. The result of this research shows that service quality effecting significantly on customer satisfaction. It means that the increase and the decrease of customer satisfaction effecting by service quality. By some good service like giving time to help customer, good communication skills, can give information about the product to customer so the customer satisfaction will be increase. The result of this research also supporting by Raja Irfan Sabir and Friends (2014) “Customer Satisfaction in the Restaurant Industry; Examining the Model in Local Industry Perspective” this research mention that service quality has positive influence of customer satisfaction.

Physical environment is an important aspect for the businessman such as restaurant and café. Physical environment not only factor to attract the interest of potential buyers, but also to measure the customer satisfaction. If the businessmen pay attention of this factor so the customer will more satisfy. The result of this research shows that physical environment such as decoration, live music and setting arrangement effect significantly the customer satisfaction. By giving new atmosphere such as decorate the café, providing entertainment like live music giving to customer and setting arrangement the customer will satisfy, because nowadays people who come in café or restaurant not only enjoy the food and drinks but also enjoy the place enjoy the atmosphere of café. The result of this research supporting by Jalal Hanaysha (2016) Testing The Effects of Food Quality, Price fairness, and Physical Environment On Customer satisfaction In Fast Food Restaurant Industry. This research shows that Physical Environment has positive influence on customer satisfaction.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study has examined the influence of price, service quality and physical environment on customer satisfaction using Markobar Cafe Manado as the case study. Several critical observations have been made from findings to the study. Based on the result of analysis and the discussion in the previous chapter, several conclusions can be formulated.

After examining the findings and discussing the result, three conclusions can be formulated:

1. Based on F-Test result, the independent variables which are Price (X₁), Service Quality (X₂) and Physical Environments (X₃) are simultaneously influence on Consumer Satisfaction (Y) as the dependent variable in Markobar Cafe Manado.

2. Based on T-Test result, Price (X₁) as independent variable in this research has no partially significant effects on Consumer Satisfaction (Y) in Markobar Cafe Manado.

3. Based on T-Test result, Service Quality (X₂) as independent variable in this research partially effects on Consumer Satisfaction (Y) in Markobar Cafe Manado.

4. Based on T-Test result, Physical Environment (X₃) as independent variable in this research partially effects on Consumer Satisfaction (Y) in Markobar Cafe Manado.
Recommendations:

This thesis was done with hope that it can be a contribution. The following are recommendations as input that hopefully can be useful as suggestion. The variables, price, service quality and physical environment should be given attention and be developed in order to achieve the customer satisfaction.

There are some recommendations that can be concluded from overall result in this research, which are listed as follow:

1. Based on this research which shows that Service Quality and Physical Environment have positive effect, significantly effect and give big contribution for customer satisfaction. So the owner or the manager should concern about service quality and physical environment.
2. The manager should improve the skill of the employee so they can keep service well at the customer and doing some innovation about physical environment.
3. In this research the researched only about Price, Service Quality and Physical Environment on Customer Satisfaction. While there are another factor that effect Customer Satisfaction. Hopefully in the next research will about another factor which not been studied in this research.

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