THE INFLUENCE OF PRODUCT PRICE AND STORE ATMOSPHERE TOWARDS CUSTOMER SATISFACTION AT FELLOW COFFEE

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Abstract: This study aims to determine the effect of product prices and store atmosphere on customer satisfaction at Fellow Coffee. This study uses quantitative methods and uses multiple linear regression tests to determine the effect of product prices and store atmosphere on customer satisfaction. The sample of this research is 100 respondents. The sampling technique used is non-probability sampling and the data collection method is in the form of a questionnaire run through the Google Form. Testing and data analysis in this study using SPSS 26 software. The results of this study indicate that product price (X1) partially has a positive and significant effect on customer satisfaction (Y). Store atmosphere (X2) partially has a positive and significant effect on customer satisfaction (Y). Product price (X1) and store atmosphere (X2) simultaneously have a positive and significant effect on customer satisfaction (Y). The R square value obtained from the results of the coefficient of determination (R2) of 0.486 explains that 48.6% of customer satisfaction can be explained by product prices and store atmosphere. Meanwhile, the remaining 51.4% is influenced by other variables not examined in this study.

Keywords: product price, store atmosphere, customer satisfaction

INTRODUCTION

Research Background

Indonesia is a country that is very rich in natural products. One of the natural products from Indonesia that attracts the attention of other countries is coffee. Indonesia is the 4th largest coffee-producing country in the world after Brazil, Vietnam, and Colombia. The majority of coffee products from Indonesia are Robusta. The famous types of coffee include 'Luwak Coffee' which is the most expensive coffee in the world. Also, there's a
type of coffee called 'Mandailing Coffee' which comes from the land of Sumatra. So far, there are different types of coffee originating from different regions of Indonesia, such as Kalosi coffee originating from Toraja, Gayo coffee originating from Aceh, Kintamani coffee originally from Bali, Koya coffee is sourced from Minahasa and many others coffees from other parts of the archipelago. It is undeniable that coffee has become one of the needs of the Indonesian people. As a result, various business ideas have emerged in the coffee industry. Coffee houses are very popular among Indonesians from teenagers to adults. Entrepreneurs also benefit from this opportunity. Various café concepts encourage customers to visit and purchase the products on offer. The generated concept must have strong character and ingenuity to stand out from a growing number of competitors.

Customer satisfaction is a measurement to know if the customer is happy or not with the company’s quality of products, services, or many factors that the company provides. Customer satisfaction is very important to run a business because it ensures that the customer will remain loyal to the company. Customer satisfaction is critical for retaining current customers and attracting new ones. Customers who are dissatisfied are a retention risk, and losing them will have an impact on the business. Because customers drive business, it should be the primary focus of a company. Knowing whether or not customers are satisfied with the products or services that the company provides will assist the company in determining what is working well with their products or services and what needs to be improved or changed completely. Customer feedback is extremely valuable, and if levels of satisfaction are low, the company must act. Excellent customer satisfaction and retention are critical. Customer retention drives sales and helps businesses stay in business. Customer satisfaction scores are one of the best predictors of how a company will perform in the future.

Pricing is very important as businesses must be able to offer prices that entice consumers to buy while providing a commensurate benefit to the business. Companies can fail if their pricing is not accurate. If the price is too high, there may be insufficient demand, but the company cannot be profitable if the price is too low. Consumers will see the value of the product as an upper bound on the price. Therefore, if the price is higher than the value received, the consumer will not buy. Businesses should carefully consider the price of the product or service offered. If the price of the product meet the expectations of the customer, it will satisfy the customer.

Affordable prices should also be supported by a good store atmosphere. A store atmosphere is the combination of physical characteristics of a store, such as architecture, layout, signage and showcases, color, lighting, temperature, sound and fragrance, and these characteristics work together to create a corporate image in the minds of customers. The atmosphere of these stores will leave a deep impression on the consumers of the cafes they visit. A store environment that makes a good impression can motivate consumers to buy. So it will triggered them to feel satisfy and in the future they will be back again to visit the cafe. The atmosphere of the store is also expected to affect customer satisfaction.

The development of Manado's coffee business is also growing rapidly. Different types of unique and different coffee shop concepts have been introduced to revitalize Manado's coffee industry. This allows the people of Manado to enjoy coffee in different ways depending on their tastes. Fellow Coffee is a coffee shop that was established in 2019. Fellow Coffee provides a variety of menus, both coffee, and non-coffee. The non-coffee menu that is no less interesting than the coffee menu at Fellow Coffee is the specialty tea, such as chai tea, chamomile tea, and earl gray tea. Besides that, Fellow Coffee also provides various types of heavy meals and snacks which very suitable to be enjoyed together with the drinks available at Fellow Coffee. There are a lot of factors that can affect the customer satisfaction itself. Fellow Coffee tries hard to keep their customer feel satisfy by giving the best price that can meet their expectations and providing good store atmosphere to make their customers feel comfortable. So that, the customers feel satisfied with their product price and store atmosphere.

Research Objectives
1. To analyze the influence of product price on customer satisfaction at Fellow Coffee
2. To analyze the influence of store atmosphere on customer satisfaction at Fellow Coffee
3. To analyze the influence of Product Price and Store Atmosphere at Fellow Coffee

THEORETICAL FRAMEWORK

Marketing

According to Kotler and Keller (2016), marketing is about recognizing and meeting the needs of humans and society. In short, marketing is profitably meeting your needs.
Customer Satisfaction

According to Kotler and Keller (2016), customer satisfaction is the result perceived by buyers who experience a company’s performance matched with hope. Customers are satisfied if their expectations are met and fulfilled, and feel overjoyed when their expectations are exceeded. Customer-satisfied people tend to stay loyal longer, buy more, are less sensitive to change and the talks benefit the company.

Product Price

According to Kotler and Armstrong (2012), the price is the amount that a customer or consumer wishing to purchase a product or service must pay to own or use the product or product. Amount worth paying. The service will be exchanged.

Store Atmosphere

The store atmosphere is defined as the activities carried out in designing the storeroom according to the product sold and taking advantage of the available facilities, and determining the most suitable theme so that the atmosphere of the store can attract consumers (Widyanto, Yulianto and Sunarti, 2014).

Previous Research

Jannah and Dwijayanti (2021) determined the effect of cafe atmosphere and price on customer satisfaction at Source Coffee Sidoarjo. The following type of research is quantitative research and the sampling technique used is purposive sampling. The research sample used is the number of 100 respondents. Data analysis techniques using descriptive statistics, data analysis used is multiple linear regression with SPSS version 25. Results obtained from this study indicate that the cafe atmosphere variables (X1) a significant influence on customer satisfaction (Y), while in the variable price (X2) are also significantly affect customer satisfaction (Y) and the cafe atmosphere variables (X1) and price (X2) simultaneously have a significant influence on customer satisfaction (Y) in Source Coffee Sidoarjo.

Miswanto and Angelia (2017) examined the influence of service quality (tangibles, reliability, responsiveness, assurance, and empathy) and stores atmosphere on customer satisfaction and the influence of customer satisfaction on refirechase intention, trust, and word of mouth on customers of souvenir stores in Yogyakarta. Selection of the sample is done by using purposive sampling with one criterion: they have shopped in souvenir stores in Yogyakarta. Data are collected by using questionnaires and 200 souvenir store customers participate in this study. The data are analyzed by using Structural Equation Modeling (SEM) with the Amos computer program. The findings show that none of service quality’s dimensions: tangibles and store atmosphere have positive influences on customer satisfaction.

Ayumetarini (2020) determined the effect of service quality and price on customer satisfaction at Kartika Candra in Jakarta. The method used was explanatory research with a sample of 96 respondents. The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study the quality of service significantly influence customer satisfaction by 40.6%, hypothesis testing obtained significance 0.000 <0.05. Price significantly influence customer satisfaction by 40.0%, the hypothesis test obtained significance of 0.000 <0.05. Service quality and price simultaneously have a significant effect on customer satisfaction by 50.3%, hypothesis testing obtained significance 0.000 <0.05.

Conceptual Framework

![Conceptual Framework](image)

Figure 1. Conceptual Framework

Source: Literature Review

Research Hypothesis

The hypothesis of this research is:

H1: Product Price has a significant influence on Customer Satisfaction.

H2: Store Atmosphere has a positive influence on Customer Satisfaction.
RESEARCH METHOD

Research Approach
This research was used quantitative research method. Arikunto (2006) define quantitative research is a research approach that is required to use of numbers, starting from data collection, interpretation of the data, and the appearance of the results.

Population and Sample
According to Sekaran and Bougie (2016), population some of the parties designated as objects which can be people, events, or things that interest the researcher. The population in this study is the customers of Fellow Coffee. Sugiyono (2015) state that sample is part of the number and characteristics of the population. The sample size of this research is 94.5 and rounded up to 100 respondents.

Data Collection Method
To collect the data this research was used primary data and secondary data by using questionnaires as the instrument of the research. The questionnaire is a data collection technique that is done by giving a set of written statements that will be answered by the respondents.

Operational Definition of Research Variables
1. Product price is the amount of money charged for a product or service, or the sum of the value that consumers exchange for the benefits of having or use the product or service. (Indicators: price affordability, product competitiveness, price stability, price compatibility with product quality)
2. Store atmosphere is A planned atmosphere that fits the target market and that can attract consumers to buy. (Indicators: store exterior, interior design, store layout, interior display)
3. Satisfaction is a person's feelings or disappointments arising from comparing the perceived performance of the product to their expectations. (Indicators: repurchase, product performance, need, expectations)

Data Analysis Method
Validity and Reliability Test
The validity test is used to measure whether the questionnaires are valid or not. Besides being valid, the instrument must also be reliable. A questionnaire is said to be reliable if the respondents answer the questions consistently from time to time

Multiple Linear Regression
Multiple linear regression analysis is used to estimate how the state (fluctuation) of the dependent variable is, if two or more dependent variables as a predictor factor increase their value decreases. The equation form of multiple linear regression is as follows:

\[ Y = a + \beta_1 X_1 + \beta_2 X_2 + e \]

Descriptions:
- \( Y \): Customer Satisfaction
- \( a \): Constant
- \( \beta_1, \beta_2 \): Regression coefficient \( X_1, X_2 \)
- \( X_1 \): Product Price
- \( X_2 \): Store Atmosphere
- \( e \): Error

RESULT AND DISCUSSION

Result
Validity Test and Reliability Test
Validity testing was carried out using the IBM SPSS Version 26 program to process the data collected. Validity testing was performed on 100 respondents in this study. The Pearson Correlation value of Product Price (X1), Store Atmosphere (X2), and Customer Satisfaction (X3) are greater than 0.3 or the significance value is below 0.05. So that the research instrument of this research is considered valid. The value of Cronbach’s Alpha of Product Price (X1) is 0.768, Store Atmosphere (X2) is 0.746, and Customer Satisfaction (Y) is 0.882 in this research, that means statement in this questionnaire is reliable because it has a Cronbach’s Alpha value greater than 0.6. So that the variables of this research is reliable and can be distributed to the respondents.

Classical Assumption Test

Normality Test

The figure above shows that the data that represented by the dots are spreading near the diagonal line and follow the direction of diagonal line. It proves that the normality test is normal.

![Normality Test](image)

**Figure 2. Normality Test**

*Source: Data Processed (2022)*

Heteroscedasticity Test

The result shows that there is no heteroscedasticity in this regression.

![Heteroscedasticity Test](image)

**Figure 3. Heteroscedasticity Test**

*Source: Data Processed (2022)*

Multicollinearity Test

According to the table 1, the tolerance value of Product Price (X1) and Store Atmosphere (X2) are 0.699, which means the tolerance value are greater than 0.1. The Variance Inflation Factor (VIF) value of Product Price (X1) and Store Atmosphere (X2) are 1.430, that means the value are less than 10. So, based on the results this study is free of multicollinearity because the tolerance value are above 0.1 and the Variance Inflation Factor (VIF) are less than 10. 
Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.699</td>
<td>1.430</td>
</tr>
<tr>
<td>Product Price</td>
<td>.699</td>
<td>1.430</td>
</tr>
<tr>
<td>Store Atmosphere</td>
<td>.699</td>
<td>1.430</td>
</tr>
</tbody>
</table>

Source: Data Process (2022)

Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.455</td>
<td>1.468</td>
<td>1.672</td>
<td>.098</td>
</tr>
<tr>
<td>Product Price</td>
<td>.349</td>
<td>.094</td>
<td>.324</td>
<td>3.722</td>
</tr>
<tr>
<td>Store Atmosphere</td>
<td>.517</td>
<td>.097</td>
<td>.465</td>
<td>5.341</td>
</tr>
</tbody>
</table>

Source: Data Processed (2022)

From the result in the table above, can be shown through the regression equation as follows:

\[ Y = 2.455 + 0.349X_1 + 0.517X_2 + e \]

The results of the multiple regression equation above provide the understanding that:

1. The constant value is 2.455. It can be seen that if product price and store atmosphere value is zero (0), then the amount of customer satisfaction value at Fellow Coffee is 2.455.

2. The regression coefficient of Product Price (X_1) is positive. It can be interpreted if the product quality increases by one unit, then the customer satisfaction will increase by 0.349 unit with the assumption that the other variables are fixed or constant.

3. The regression coefficient of Store Atmosphere (X_2) is positive. It can be interpreted if the location increases by one unit, the customer satisfaction will increase by 0.517 unit with the assumption that the other variables are fixed or constant.

Table 3. The Coefficient of Determination (R^2)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.697a</td>
<td>.486</td>
<td>.476</td>
<td>1.81843</td>
</tr>
</tbody>
</table>

Source: Data processed (2022)

The value of the coefficient of determination (R^2) is 0.697 or 69.7% meaning that the independent variables in this study have an effect of 69.7% on customer satisfaction and the remaining 30.3% comes from external factors or variables that are not discussed or explained in this study.

Hypothesis Testing

T-Test

Table 4. T-test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t</th>
<th>Sig.</th>
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</tr>
</tbody>
</table>

Source: Data Processed (2022)

This test is done by comparing t_{count} and t_{table} at the level of significance 95% (α = 0.05). The criteria of this test are if t_{count} ≥ t_{table} (0.05) then H_0 is accepted, otherwise if t_{count} < t_{table} (0.05) then H_0 is rejected.

1. The effect of product price on customer satisfaction, the product price variable shows that the significant value 0.000 < 0.05. It means that the product price variable partially has a significant effect on customer satisfaction at Fellow Coffee.
Fellow Coffee transformed their setting layout into a convenience and customer satisfaction will generally be superior to their competitor. They will recommend the product to others. Companies that are able to get a high level of customer satisfaction is the most important thing in marketing because it creates loyal customers. When customers are loyal, they will recommend the product to others. Companies that are able to get a high level of customer satisfaction will generally be superior to their competitors. From the hypothesis test, it was found that product price and store atmosphere have a significant influence on Fellow Coffee's customer satisfaction. This shows that product price and store atmosphere have an effect on customer satisfaction. Based on the significant value 0.000 < 0.05. It means the store atmosphere variable partially has a significant effect on customer satisfaction at Fellow Coffee.

The Influence of Product Price on Customer Satisfaction

In this study, product price affects customer satisfaction at Fellow Coffee. This can be seen from the results of hypothesis testing which shows that product price (X1) has a positive and significant effect on customer satisfaction (Y). Product price in this study was measured using indicators, namely product price affordability, product competitiveness, price stability, price compatibility with product quality. The better the price determination, the more it will increase customer satisfaction. Pricing strategy can influence on how customers satisfied. Higher prices will make customers less satisfied. Fellow Coffee tries to get the price right or reasonable to create customer satisfaction because when they charges higher price, they could losing many of customers. Fellow Coffee also avoid low pricing because it can affect their ability to support their product and customers. If they have weak profit margin then it will be hard for them to offer good support thus it is likely to have a negative effect on customer satisfaction. The results of this study are in line with research conducted by Ayum et al. (2020) which found that the price influences customer satisfaction by 40.0%, and the hypothesis test obtained a significance of 0.000 < 0.05.

The Influence of Store Atmosphere on Customer Satisfaction

Store atmosphere has also been shown to affect Fellow Coffee’s customer satisfaction. This can be seen from the results of hypothesis testing which shows that store atmosphere (X2) has a positive and significant effect on customer satisfaction (Y). Store atmosphere in this study was measured using indicators, namely store exterior, interior design, store layout, interior display. In the retail environment, customers are stimulated by the look and feel of a store and how it is laid out. Customers not only care about how a business looks and feels, but they are also likely to make purchasing decisions based on the ambiance of the establishments they patronize. Thus, Fellow Coffee tries to create store atmosphere through visuals, arrangement, light, music, and aroma that can create a comfortable buying environment. Fellow Coffee transformed their setting layout into a convenience and comfortable experience so that customer will stick around longer, more to buy, to remember the experience, and to return to Fellow Coffee in the future. The results of this study are in line with research conducted by Sumayyah and Rumpak (2019) which found a correlation value between store atmosphere and customer satisfaction of 1, so it can be concluded that there is a very strong and positive relationship.

The Influence of Product Price and Store Atmosphere on Customer Satisfaction

There are many factors that can affect customer satisfaction, some of which are proven in this study, namely product price and store atmosphere. This study was dominated by young male respondents. This research model examines customer satisfaction in the popular coffee shop industry in the city of Manado. Customer satisfaction is the most important thing in marketing because it creates loyal customers. When customers are loyal, they will recommend the product to others. Companies that are able to get a high level of customer satisfaction will generally be superior to their competitors. From the hypothesis test, it was found that product price and store atmosphere have a significant influence on Fellow Coffee's customer satisfaction. This shows that product price and store atmosphere have an effect on customer satisfaction. Based on the significance and
simultaneous test (F-test) which aims to determine the influence of independent variables simultaneously on the dependent variable. The results of the tests shows that product price and store atmosphere have a simultaneous effect on customer satisfaction. The form of influence between product price and store atmosphere on customer satisfaction is a positive effect, meaning that if the product price and store atmosphere are getting better, then customer satisfaction tends to be better, on the contrary if the product price and store atmosphere are getting worse, then customer satisfaction is getting lower. This is in line with research conducted by Effendy, Khuzaini, and Hidayat (2019) which found that product price and store atmosphere have a simultaneous effect on customer satisfaction as evidenced by tcount 45,676 > ttable with a significant value of 0.000 < 0.05.

CONCLUSION AND RECOMMENDATION

Conclusion
Based on the results of the research and discussion in the previous chapter, the conclusions are:
1. The product price variable partially has a positive and significant influence towards customer satisfaction at Fellow Coffee.
2. The store atmosphere variable has a positive and significant influence towards customer satisfaction at Fellow Coffee.
3. Product price and store atmosphere simultaneously have a positive and significant effect on customer satisfaction.

Recommendation
Based on the conclusions in this research, the following suggestions can be given are:
1. Fellow Coffee is expected that the price of the product is in accordance with the benefits and quality of the products offered so as not to lose in price competition and still maintain comfort and maintain the cleanliness of the place so that the atmosphere of Fellow Coffee can continue to be enjoyed by customers
2. Further researchers can improve the limitations that exist in this study. Further research can replace the object or place of research or replace and add variables, both dependent and independent.

REFERENCES


