THE ANALYSIS OF PRICE FAIRNESS AND SERVICESCAPE ON CUSTOMER SATISFACTION AT UP CREATIVE SPACE AND COFFEE MANADO

ANALISIS KEWAJARAN HARGA DAN LINGKUNGAN FISIK TERHADAP KEPUASAN PELANGGAN DI UP CREATIVE SPACE AND COFFEE MANADO

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Abstract: This study aims to determine the effect of price fairness and servicescape on customer satisfaction at UP Creative Space and Coffee Manado. This study uses quantitative methods and uses multiple linear regression tests to determine the effect of price fairness and servicescape on customer satisfaction. The sample of this research is 100 respondents. The sampling technique used is purposive sampling and the data collection method is in the form of a questionnaire run through the Google Form. Testing and the data analysis in this study using SPSS 25 software. The results of this study indicate that price fairness (X1) partially has a positive and significant effect on customer satisfaction (Y), servicescape (X2) partially has a positive and significant effect on customer satisfaction (Y). Price fairness (X1) and servicescape (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 0.768 explains that 76.8% of customer satisfaction can be explained by price fairness and servicescape. Meanwhile, the remaining 23.2% is influenced by other variables not examined in this study

Keywords: price, fairness servicescape, and customer satisfaction

INTRODUCTION

Research Background

Coffee is a popular beverage among the general public. According to Raharjo (2012), coffee is the most important export product of Indonesian plantations and thus an important source of foreign exchange earnings for the country. In recent years, coffee has become almost an addiction. In addition, it is also suitable for today's youth lifestyle. The benefits of having a coffee shop business are to create a more diverse local economy along with the national economic recovery program, by provide jobs for the job seeker and increase the selling of local coffee. The existence of coffee, which is becoming increasingly popular at this time, encourages the establishment
of coffee shops with all the modern nuances that offer coffee in a variety of types, flavors, and presentations. Modern-style coffee shops with world-famous names are popping up in Indonesian cities. Coffee shops can also be used as an option for a place to relax, a place for discussion or meeting, a place to work or study, and so on. This makes the coffee shop a very desirable place.

Customer satisfaction is a measure of whether customers are satisfied with the quality of a company's products, services, or other factors. Customers who are dissatisfied are a retention risk, and losing them has an impact on the company. Customers should be at the heart of the company because they drive it. Customer satisfaction can also be determined by the price provided. Price fairness is critical because companies must be able to offer prices that entice customers to purchase while also providing an equal benefit through the quality of the product to the customer. In general, consumers evaluate the relationship between price and their expectations for the performance of the product they purchase. If a company's pricing is incorrect, it may collapse. If the price is too high, there may be insufficient demand, but the business cannot be profitable if the price is too low. Price fairness occurs when customers believe that the disparity between the price they paid and other prices is reasonable and acceptable. Consumers will consider the product's worth to be a limit or standard on prices. As a result, if the price exceeds the value received, the buyer will not buy.

The servicescape along with the price fairness is also one of the considerations to the business so they can make a differentiation with their competitors and make their consumers interest and feel satisfaction. According to Lovelock and Wirtz (2011:4), the physical environment (servicescape) is closely related to physical appearance styles and elements that customers encounter at the location of service delivery or services through impressions created by the senses. As a result, it is critical to create a good servicescape for consumers to have a positive experience and impression. According to Ha and Jang (2012), a restaurant must be able to create an experience that is effective in consumers, one of which is the physical environment or dining atmosphere, which must pay attention to the exterior facilities and well-planned interior facilities in order to keep customers interested and returning.

In business, satisfaction of customer is very important for business; customer satisfaction will create the loyalty of customer in a business, and for the company’s reputation. When customer have strong affective expectations, it is important that the environment is design to match those expectations so that the servicescape affects customer satisfaction. On the other hand, if the servicescape is not pleasant, the customer will switch to another place. The results of both studies emphasize that price fairness and servicescape can be a distinguishing factor owned by coffee shop to compete in the coffee shop industry in Manado. Many people spend their time in cafes, and it has become a part of the current lifestyle. As a result, coffee shop owners compete by setting an affordable and reasonable price and also creating innovative cafe concepts to attract customers and effectively express their values to customers. A cafe must have fair price and unique servicescape and make a positive impression on clients in order to be competitive and desirable.

UP Creative Space and Coffee Manado is a coffee shop. This is more than just a regular coffee shop; it also offers a creative space or physical structures and elements at various scales that are intended to support creative work processes. There are numerous factors that can influence customer satisfaction, that's why UP Creative Space and Coffee Manado works diligently to keep their customers happy by offering the best price that meets customer expectations, but they still confused to set a price that can adjust to all of their customer segment because youth (student) and adult (workers) usually having a gap in their income. And also they want to providing good servicescape to make their customers feel convenience, because of that they need one concept or specific theme for the coffee shop for now they still mixing up various concept all in one. The owner hoped to find out what is the best pricing strategy from the customer perception about price fairness so all of the customer segment can purchase their products. And also for the design interior they need to choose a specific concept for their coffee shop because now there many interior design concept in UP Creative Space and Coffee Manado such as industrial, vintage, and retro style.

**Research Objectives**

1. To know the influence of price fairness and servicescape on customer satisfaction simultaneously.
2. To know the influence of price fairness on customer satisfaction partially.
3. To know the influence of servicescape on customer satisfaction partially.

**THEORETICAL FRAMEWORK**
Marketing

According to Kotler and Armstrong (2018), Marketing is the process by which companies engage customers, build strong relationships, and create customer value in order to capture value from customers.

Customer Satisfaction

According to Kotler and Keller (2016: 153), satisfaction is the sense of joy or disappointment that someone experiences when comparing a product's (or results') performance to expectations. Customers are ecstatic when their standards are met or exceeded, and they are ecstatic when their goals are met. Customers who are satisfied are more loyal, purchase more, are less sensitive to change, and the discussions benefit the business.

Price Fairness

According by Jin, Line, and Merkebu (2016), Price fairness is the subjective assessment of the price paid to acquire a product. The evaluation is based on how much consumers believe the price of a product or service is fair. The price fairness variable is evaluated in this research using the constructs created by Gumussoy and Koseoglu (2016) namely a reasonable price, accurate pricing, a fair pricing policy, ethical price changes, and a price acceptable to customers.

Servicescape

Lovelock and Wirtz (2011) define servicescape as the style and appearance of the physical environment as well as other experiential components encountered by customers at service delivery sites. Because servicescape can only be perceived through the five senses, the customer can only experience it if he or she is physically present at the service delivery site.

Previous Research

Thangadurai (2017) explored the extent to which customers’ price fairness and service value affects price satisfaction and customer satisfaction in the Malaysian hotel industry. A total of 166 responses have been collected from leisure tourists that come to Malaysia from across the world. The findings reveal that price fairness and service value are useful predictors of hotel price satisfaction and customer satisfaction.

Atmaja and Yasa (2020) focuses on the role of customer satisfaction in mediating the influence of price fairness and service quality on the loyalty of LCC customers in Indonesia. This research is categorized as an associative quantitative study. The data consists of 175 samples, collected by distributing questionnaires which include open-ended and close-ended questions. The validity and reliability of these questions have also been verified. The analysis technique used is the structural equation modeling and the analysis tool utilized is SmartPLS 3.0. The research results revealed that the influence of price fairness on customer loyalty is positive and insignificant, service quality and customer satisfaction have a positive and significant influence on customer loyalty, price fairness and service quality have a positive and significant influence on customer satisfaction, price fairness fully mediates influence of customer satisfaction on customer loyalty, while customer satisfaction partially mediates influence of service quality on customer loyalty.

Agnihotri and Chaturvedi (2018) to find out the impact of these servicescape dimensions on quality perception in restaurant business in more inclusive way. This paper has developed a new model for analyzing the impact of servicescape dimensions based on service quality Gap model. This model has specific focus upon increased use of tangibility in services. Data is collected on the basis of questionnaire method. Conclusive research design is preferred along with probability sampling technique. The result shows that servicescape is considered to be very important factor but it is not the only factor which will have huge impact on quality perception of customer. The result shows as service tangibility leads to influx of new customers but retention is based on food quality. The result also shows as how servicescape dimensions are playing vital role in determining customer’s perceived service quality.
Conceptual Framework

![Conceptual Framework](image)

Figure 1. Conceptual Framework

Source: Literature Review

Research Hypothesis

The hypothesis of this research is:

H1: Price fairness is considered to have an influence on customer satisfaction partially.

H2: Servicescape is considered to have an influence on customer satisfaction partially.

H3: Price fairness and servicescape are considered to have an influence on customer satisfaction simultaneously.

RESEARCH METHOD

Research Approach

This research employs the quantitative approach. Quantitative researchers, according to Leedy and Ormrod (2010:95), seek explanations and predictions that can be generalized to other individuals and places. The technique used in this study was quantitative because it incorporated numbers and statistical data.

Population and Sample

According to Sekaran and Bougie (2013), population refers to the entire group of people, events, or things of interest for which the researcher wants to make inferences. The population of this study mainly refers to consumers of UP Creative Space and Coffee Manado who frequently or minimal 3 times visit and purchased the product of UP Creative Space and Coffee Manado. The sample size of this research is 96.4 and rounded up to 100 respondents.

Data Collection Method

To collect the data this research was used primary data by using questionnaires as the instrument of the research. Questionnaire is an instrument in the form of a list of questions or written statements that must be answered or selected by respondents by the instructions for filling in (Sanjaya, 2015:255)

Operational Definition of Research Variables

1. Price fairness definition based on equity theory and distributive justice. According to equity theory, people will create price fairness perceptions by comparing their input to their output ratio or outcome, in a comparison to the outcomes of others. (Indicators: reasonable price, reference price levels, pricing policies, ethics price)

2. Servicescape as the built environment or, more specifically, the man made, physical surroundings as opposed to the natural or social environment. (Indicators: physical, social, social symbolic, and natural dimensions)

3. Customer satisfaction is essentially the culmination of a series of customer experiences or, one could say, the net result of the good ones minus the bad ones. It occurs when the gap between customers' expectations and their subsequent experiences has been closed. (Indicators: loyalty, repurchase, complaints, recommend)

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 he 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 \( X_1, X_2 \)
- \( X_1 \) = Price Fairness
- \( X_2 \) = Servicescape
- \( e \) = Error

**RESULT AND DISCUSSION**

**Result**

**Validity Test and Reliability Test**

Validity testing was carried out using the IBM SPSS Version 25 program to process the data collected. Validity testing was performed on 100 respondents in this study. The Pearson Correlation value of Price Fairness (\( X_1 \)), Servicescape (\( X_2 \)), and Customer Satisfaction (\( X_3 \)) 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 Price Fairness (\( X_1 \)) is 0.923, Servicescape (\( X_2 \)) is 0.905, and Customer Satisfaction (\( Y \)) is 0.914 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.

![Figure 2. Normality Test](source)

**Heteroscedasticity Test**

![Figure 3. Heteroscedasticity Test](source)

Based on the figure above, it shows that the pattern of the dots spread above and below 0 on the Y axis. The result shows that there is no heteroscedasticity in this regression.
Multicollinearity Test

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.370</td>
<td>2.705</td>
</tr>
<tr>
<td>Price Fairness (X1)</td>
<td>.370</td>
<td>2.705</td>
</tr>
<tr>
<td>Servicescape (X2)</td>
<td>.370</td>
<td>2.705</td>
</tr>
</tbody>
</table>

Source: Data Process (2023)

According to the table 1, the tolerance value of Price Fairness (X1) and Servicescape (X2) are 0.370, which means the tolerance value are greater than 0.1. The Variance Inflation Factor (VIF) value of Price Fairness(X1) and Servicescape (X2) are 2.705, 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.

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>.307</td>
<td>2.170</td>
<td>.141</td>
<td>.888</td>
</tr>
<tr>
<td>Price Fairness (X1)</td>
<td>.483</td>
<td>.084</td>
<td>.465</td>
<td>5.780</td>
</tr>
<tr>
<td>Servicescape (X2)</td>
<td>.499</td>
<td>.087</td>
<td>.461</td>
<td>5.732</td>
</tr>
</tbody>
</table>

Source: Data processed (2023)

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

\[ Y = 2.455 + 0.349X1 + 0.517X2 + e \]

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

1. The constant value is 0.307. It can be seen that if price fairness and servicescape value is zero (0), then the amount of customer satisfaction value at UP Creative Space and Coffee Manado is 0.307.
2. The regression coefficient of Price Fairness (X1) is positive. It can be interpreted if the servicescape increases by one unit, then the customer satisfaction will increase by 0.483 unit with the assumption that other variables are fixed or constant.
3. The regression coefficient of Servicescape (X2) is positive. It can be interpreted if the location increases by one unit, the customer satisfaction will increase by 0.499 unit with the assumption that the other variables are fixed or constant.

Table 3. The Coefficient of Determination (R²)

<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>.876</td>
<td>.768</td>
<td>.763</td>
<td>3.26973</td>
</tr>
</tbody>
</table>

Source: Data processed (2023)

The value of the coefficient of determination (R²) is 0.876 or 87.6% meaning that the independent variables in this study have an effect of 87.6% on customer satisfaction and the remaining 23.2% comes from external factors or variables that are not discussed or explained in this study.

Hypothesis Testing

T-Test

This test is done by comparing tcount and ttable at the level of significance 95% (α = 0.05). The criteria this test are if tcount ≥ ttable (0.05) then Ha is accepted, otherwise if tcount < ttable (0.05) then Ha is rejected.

1. The effect of price fairness on customer satisfaction, the price fairness variable shows that the significant value 0.000 < 0.05. It means that the price fairness variable partially has a significant effect on customer satisfaction at UP Creative Space and Coffee Manado.
2. The effect of servicescape on customer satisfaction, the servicescape variable shows that the significant value
0.000 < 0.05. It means the servicescape variable partially has a significant effect on customer satisfaction at UP Creative Space and Coffee Manado.

<table>
<thead>
<tr>
<th>Table 4. T-test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Price Fairness (X1)</td>
</tr>
<tr>
<td>Servicescape (X2)</td>
</tr>
</tbody>
</table>

Source: Data Processed (2023)

**F-Test**

<table>
<thead>
<tr>
<th>Table 5. F-Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model</strong></td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Data Processed (2023)

Based on table 5, it shows that the price fairness and servicescape variable have a significant influence on Customer Satisfaction (Y) at UP Creative Space and Coffee Manado. It has obtained a significant value of 0.000 < 0.05. This shows that the independent variables which are price fairness and servicescape simultaneously have significant influence on the dependent variable.

**Discussion**

**The Influence of Price Fairness on Customer Satisfaction**

In this study, price fairness is proven to affect the increase in customer satisfaction at UP Creative Space and Coffee Manado. This can be seen from the results of hypothesis testing which shows that price fairness (X1) has a positive and significant effect on customer satisfaction (Y). Price fairness in this study was measured using indicators, namely reasonable price, reference price levels, pricing policies, and ethics prices. This results shows that price fairness in UP Creative Space and Coffee Manado have a significant effect on customer satisfaction, The characteristics of the respondent customer, who come from young people at the age between 21-26 years old and has an income under 500 thousands rupiah per month, are enough to illustrated that the price offered is fairly reasonable and acceptable to all groups. Thus, hypothesis 1 price fairness has a partial effect on customer satisfaction. UP Creative Space and Coffee Manado is proven in accordance with the theory in hypothesis 1, namely price fairness partially has a positive effect on customer satisfaction. The results of this study are in line with research conducted by Martín-Consuegra, Molina, and Esteban (2007) which state that fairness of prices set by a company influences customer satisfaction. The more positive the consumer's perception of the fairness of the price provided by the company, the higher the level of customer satisfaction.

**The Influence of Servicescape on Customer Satisfaction**

Servicescape has also been shown to affect UP Creative Space and Coffee Manado customer satisfaction. This can be seen from the results of hypothesis testing which shows that servicescape (X2) has a positive and significant effect on customersatisfaction (Y). In this study, the servicescape variable has the influence on customer satisfaction at UP Creative Space and Coffee Manado. Servicescape in this study was measured using indicators, namely physical, social, social symbolic, natural dimensions. This shows that servicescape has an effect on customer satisfaction. Thus, hypothesis 2 servicescape has a partial effect on customer satisfaction. UP Creative Space and Coffee Manado is accepted or proven in accordance with the theory in hypothesis namely servicescape partially has a positive effect on customer satisfaction. The results of this study are in line with research conducted by Gani, Hidayanti, and Damayanti (2022) indicate that the servicescape has a positive and significant effect on customer satisfaction. The results of this test are based on the t-count X2 value of 2.011 which is greater than the t-table value of 1.96.
The Influence of Price Fairness and Servicescape on Customer Satisfaction

There are many factors that can affect customer satisfaction, some of which are proven in this study, namely price fairness and servicescape. The hypothesis test, it was found that price fairness and servicescape have a significant influence on UP Creative Space and Coffee Manado customer satisfaction. This shows that price fairness and servicescape have an effect on customer satisfaction. Thus, hypothesis 3 price fairness and servicescape have a simultaneous effect on customer satisfaction in accordance with the theory in hypothesis 3, namely price fairness and servicescape simultaneously have a positive effect on customer satisfaction. In addition, it can be concluded that price fairness and servicescape have a relationship in consumer satisfaction. The form of influence between price fairness and servicescape on customer satisfaction is a positive effect, meaning that if the price fairness and servicescape are getting better, then customer satisfaction tends to be better, on the other hand if the price fairness and servicescape are getting worse, then customer satisfaction is getting lower. This is in line with research conducted by Rahman and Listyorini (2021) that indicate that there is a significant relationship between servicescape and price fairness to customer satisfaction simultaneous test (F-test) which aims to determine the influence of independent variables simultaneously on the dependent variable. The results of the tests show that price fairness and servicescape have a simultaneous effect on customer satisfaction. This is in line with research conducted by Effendy, Khuzaini, and Hidayat (2019) which found that price fairness and servicescape have a simultaneous effect on customersatisfaction 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 price fairness variable partially has a positive and significant influence towards customer satisfaction at UP Creative Space and Coffee Manado
2. The servicescape variable has a positive and significant influence towards customer satisfaction at UP Creative Space and Coffee Manado
3. Price fairness and servicescape 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. UP Creative Space and Coffee Manado is expected to keep maintain the price within the reasonable price range. UP Creative Space and Coffee Manado to make an innovation about the various promos especially for student, and create an offer like bundling product package, or they also can make a membership card with a point reward for all the customers. And also 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 for the variable servicescape it also has a significant influence for customer satisfaction, according to the respondent answer about large space of parking area, and also about the promotion sign or symbol, the business owner should find or add new parking space, and also make a board promotion more clearly and more eye catching.
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.

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