

THE INFLUENCE OF PRICE AND SERVICE QUALITY ON COBACO COFFE CUSTOMER SATISFACTION

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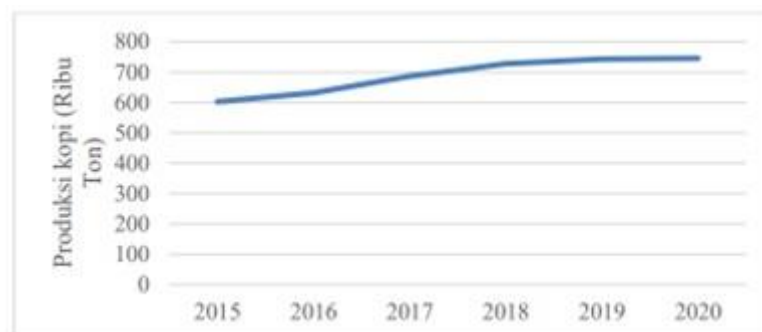
Abstract

Indonesia, known for its vast coffee production, has seen a steady rise in coffee enthusiasts within its borders. From 2016 to 2021, the demand for coffee has surged alongside the country's growing population. Among the bustling coffee scene in Jakarta, Cobaco Coffee stands as a prominent coffee shop. With over two decades of establishment, Cobaco Coffee faces competition, particularly in the ready-to-drink sector. The key to their success lies in providing the right balance of price and quality service that caters to the needs of their customers, ensuring a seamless business operation. To gather insights, this study employed primary data collection through questionnaires. Surprisingly, the findings revealed that neither price nor service quality had any significant impact on customer satisfaction. This suggests that other factors may play a more crucial role in determining customer contentment. In order to stay ahead of the competition and continue to thrive in the ever-growing coffee market in Indonesia, Cobaco Coffee may need to adapt their strategies and offerings to better meet the evolving needs and preferences of their customers. This could involve expanding their menu, enhancing their customer experience, or implementing new marketing tactics to attract and retain customers.

Keywords: Price, Service Quality, Consumer Satisfaction, Coffee

1. INTRODUCTION

Indonesia is one of the largest coffee producers in the world. Currently, Indonesia is in fourth position after Brazil, Vietnam and Colombia in coffee production. Based on the Ministry of Agriculture's Data and Information Systems Center, around 94.5% of coffee production in Indonesia is supplied by smallholder coffee plantation entrepreneurs. From 2015 to 2020 coffee production on smallholder plantations continues to increase. A graph of the increase in coffee production from smallholder plantations in Indonesia can be seen in Figure 1.



**Figure 1. Graph of coffee production from smallholder plantations in
Indonesia 2015-2020**

(Ministry of Agriculture Data and Information Systems Center, 2021)

Currently, coffee is a type of drink that is developing rapidly and is one type of drink that is popular in the world. Coffee lovers in Indonesia are increasing every day, in the four year period from 2016 to 2021, coffee consumption is increasing along with the need for coffee and the population in Indonesia, this can be seen in Figure 2 below:

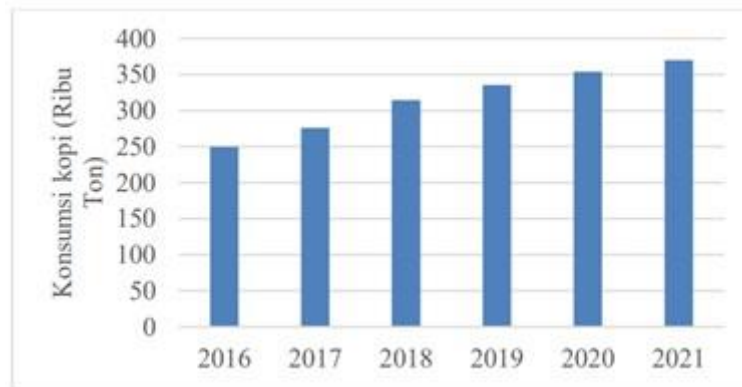


Figure 2. Graph of coffee consumption in Indonesia 2016-2021
(Ministry of Agriculture Data and Information Systems Center, 2021)

Drinking coffee has become a routine for some people in Indonesia. Some people think that drinking coffee can be an encouragement before doing activities. This is in line with the growth in the number of coffee lovers in Indonesia, which has reached more than 8% per year (Idris, 2011). In the past few years, drinking coffee has become a lifestyle for Indonesian people. People gather in coffee shops to chat or discuss while enjoying coffee. There are also visitors who deliberately visit coffee shops to relieve fatigue while enjoying coffee or the facilities provided by the coffee shop. A coffee shop is a cafe that serves various types of coffee which are prepared by a barista or someone who is in charge of making coffee in a coffee shop.

Cobaco Coffee is a coffee shop in Jakarta. Cobaco Coffee has been established for more than two and has competitors in the city of Jakarta, especially in the field ready to drink. High competitiveness will influence the sales volume of a coffee shop, because it can determine the income and sustainability of this shop. Increasing competitiveness requires business people to have a shop concept with a very good strategy and is required to determine the consumers they target so that consumers feel satisfied with the service, as well as Cobaco Coffee can survive and thrive in high competition. The price and quality of company services provided in accordance with consumer needs will have an impact on consumer satisfaction, so that the business runs smoothly. Cobaco Coffee must organize the concept of the cafe well, the influence of price and service quality on consumer satisfaction must be given great attention Cobaco Coffee.

2. LITERATURE REVIEW

2.1. Price

Djaslim Saladin (2007) states that price is the monetary amount charged by a business unit to buyers or customers for goods or services sold or delivered. Meanwhile, according to Alma (2007), in principle the selling price must be able to cover full costs plus a reasonable profit. Fandy Tjiptono (2008) states that price is the amount of money and services or goods available that are exchanged by buyers to obtain various choices of

products and services provided by the seller. According to Kotler (2012), price indicators are as follows:

- a. **Affordability**
Affordable prices are consumers' expectations before they make a purchase. Consumers will look for products whose prices they can afford.
- b. **Price Match with Product Quality**
For certain products, consumers usually don't mind if they have to buy at a relatively expensive price as long as the product quality is good. However, consumers prefer products with low prices and good quality.
- c. **Price competitiveness**
The company determines the selling price of a product by considering the price of the product sold by its competitors so that the product can compete in the market.
- d. **Matching price with benefits**
Consumers sometimes ignore the price of a product but are more concerned with the benefits of the product.

2.2. Service Quality

According to Daryanto and Setyobudi (2014) in Rahmatriana (2013). Service is any activity that is profitable in a group or unit and offers satisfaction even though the results are not tied to a physical product. Alma (2011) believes that service is a service or services provided to customers in connection with certain products. For example, services answering questions asked by customers, searching for orders, resolving complaints, repairing repairs, serving buyers in stores for sales assistants and so on.

According to Tjiptono (2008) there are five main indicators of service quality, namely as follows:

- a. **Reliability**, relates to the company's ability to deliver the promised services accurately from the first time.
- b. **Responsiveness**, regarding the willingness and ability of service providers to help customers and respond to their requests immediately.
- c. **Guarantee (assurance)**, regarding the knowledge and politeness of employees as well as their ability to foster a sense of trust and confidence in customers.
- d. **Empathy (empathy)**, means that the company understands the problems of its customers and acts in the interests of customers, and provides

2.3. Consumer Satisfaction

According to Kotler and Keller (2009), satisfaction is the difference between consumer expectations and consumer perceptions of what the company gives them. Satisfaction is a person's feeling of happiness or disappointment that arises from comparing the product's perceived performance (results) to their expectations. If performance fails to meet expectations, customers will be dissatisfied. If performance meets expectations, customers will be satisfied. If performance exceeds expectations, customers will be very satisfied or happy. Satisfaction or dissatisfaction is a customer's response to an evaluation of the perceived discrepancy between previous expectations and the actual performance of the product. Service quality and customer satisfaction are key factors for achieving competitive advantage (Sawitri et al. 2013).

Indicators for measuring customer satisfaction, according to Indrasari (2019) are:

- a. Conformity to expectations, namely satisfaction is not measured directly but is concluded based on the conformity or discrepancy between customer expectations and actual company performance.
- b. Intention to revisit, namely customer satisfaction is measured by asking whether the customer wants to buy or use the company's services again.
- c. Willingness to recommend, namely customer satisfaction is measured by asking whether the customer will recommend the product or service to other people such as family, friends, and others.

3. RESEARCH METHODS

The research design used is a case study. Research conducted in Cobaco Coffe. This research was conducted in October-November 2023. The respondents in this research were 100 customers. There are two types of variables in this research, namely independent variables (consumer satisfaction) and dependent variables (price and service quality).

This research uses primary data by distributing questionnaires. To answer the research objectives, the analytical method used is a quantitative data analysis method with the hypothesis in this research using multiple linear regression techniques. In this research, data processing was assisted by the SPSS version 25 program. The data analysis methods that will be used are descriptive statistical tests, validity tests, reliability tests, hypothesis tests (t test, F test), classic assumption tests (normality test, heteroscedasticity test, and multicollinearity test).

4. RESULTS AND DISCUSSION

a. Classic Assumption Test

Based on the results of the classical assumption test, namely the reliability test, multi-collinearity test and normality test, each state that all variables are suitable for use as measuring tools and the research model is free from multi-collinearity with data that is distributed in a normal distribution. Thus, the research model meets the requirements of classical assumptions for testing research hypotheses using Multiple Linear Regression Analysis.

b. Multiple Linear Regression Analysis

The analysis technique used in this research is Multiple Linear Regression using the SPSS program and the analysis results for this research model are shown in Table. 1 below, namely as follows:

Table. 1 Multiple Linear Regression Coefficient Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.799	5.679		3.134	.002
	Price	.076	.117	.065	.647	.519
	Service Quality	.168	.114	.148	1.476	.143
a. Dependent Variable: Satisfaction						

Based on the results of the multiple linear regression coefficient test above, the equation of multiple linear regression analysis can be proposed as follows:

$$\text{Consumer Satisfaction} = 17,799 + 0.076 \text{ Price} + 0.168 \text{ Service Quality} + e$$

From the multiple linear regression equation above, the constant value in this research model is 17,799 which states that the value of the consumer satisfaction variable (Y) is 17,799, if the values for the price and service quality variables are considered constant or equal to zero. The value of the price variable coefficient (X1) is 0.076 which explains that every time there is an increase of 1 price point, consumer satisfaction will increase by 0.076 points assuming other variables remain constant (other variables are equal to zero). And, the coefficient value of the service quality variable (X2) is 0.168 shows that every time there is an increase of 1 point in service quality, it will increase consumer satisfaction by 0.168 points assuming other variables remain constant (other variables are equal to zero).

c. Determination Coefficient (R²)

Based on the calculation results from Table 2, it can be seen that the R square is 0.160 or 16.0%. This means that variations in consumer satisfaction variables can be explained by variations in price variables and service quality variables, while the remaining 84.0% is influenced by other factors outside the research model.

Table. 2 Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.160 ^a	.026	.005	2.041
a. Predictors: (Constant), Service Quality, Price				

d. Partial Significant Test (t-test)

From Table 1 it can be seen that the results of price hypothesis testing show a positive number where the calculated t is $0.647 < t \text{ table } (2.371)$ with a sig value. $0.519 (>0.05)$, which means that H_a is rejected, which says that price has no effect on consumer satisfaction. Meanwhile, service quality shows a positive number where t count is $1.476 < t \text{ table } (2.371)$ with a sig value. $0.143 (>0.05)$, which means that H_a is rejected, where service quality has no effect on consumer satisfaction.

Table 3. Partial Significant Test (t-test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.799	5.679		3.134	.002
	Price	.076	.117	.065	.647	.519
	Service Quality	.168	.114	.148	1.476	.143
a. Dependent Variable: Satisfaction						

e. Simultaneous (F Test)

This test aims to find out whether the regression model used in this research is feasible or not. From the calculation results shown in Table 3, the calculated F value is 1.273 with a sig value. 0.285 , where $\text{Sig} > 0.05$ which states that together the price variable and service quality variable have no effect on consumer satisfaction.

Table. 4 F Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.606	2	5.303	1.273	.285 ^b
	Residual	404.144	97	4.166		
	Total	414.750	99			
a. Dependent Variable: Satisfaction						
b. Predictors: (Constant), Service Quality, Price						

Based on the results of the analysis, it can be concluded that price and service quality together have no influence on Tobacco Coffee customer satisfaction. And partially, price and service quality also have no effect on Tobacco Coffee customer satisfaction. This is in line with research by Sinolah et al (2022) which states that price has no significant effect on customer satisfaction, and research by Safawi & Hawignyo (2021) states that Partial service quality does not have a significant effect on consumer satisfaction.

5. CONCLUSION

After careful examination, it is evident that Tobacco Coffee customer satisfaction is not solely influenced by price or service quality. This suggests that Tobacco Coffee should look into different factors like product variety, ambiance, and customer service experience to improve customer satisfaction. By broadening their strategy and paying attention to more than just price and service quality, Tobacco Coffee can meet the needs and expectations of their customers more effectively, leading to increased customer loyalty and retention.

Further research is needed to identify these factors and understand what drives customer satisfaction in the coffee industry in Indonesia. It is possible that factors such as ambiance, variety of coffee options, location, or even social media presence may have a greater influence on customer satisfaction than previously thought. In order to stay ahead of the competition and continue to thrive in the ever-growing coffee market in Indonesia, Cobaco Coffee may need to adapt their strategies and offerings to better meet the evolving needs and preferences of their customers. This could involve expanding their menu, enhancing their customer experience, or implementing new marketing tactics to attract and retain customers.

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