

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF STUDY

In today's era, business competition has been getting more competitive than in the other era. Everyone has the same chances to access information and gain knowledge easily from the internet. Business owners and managers need to be more strategic to win the business competition from the business's competitors. Moreover, the customers nowadays too, as they are having access to the internet and social media, have been more selective and open in expressing their satisfaction and dissatisfaction with products or services.

Price is the amount of money expected, required, or given in payment for something. According to Kotler (2016), price is the amount of money that is charged for the product or service that has been exchanged by the consumers to have the benefit from owning or using the product or service. Pricing plays an important role in determining customer satisfaction. Based on the research, the higher the price is charged towards the product, the lower the customer satisfaction. When the consumer is charged with a high price, they often expect more from the benefits that they are paying. In most cases, when their expectations do not meet reality, the consumers are often dissatisfied with the benefits that they are paying.

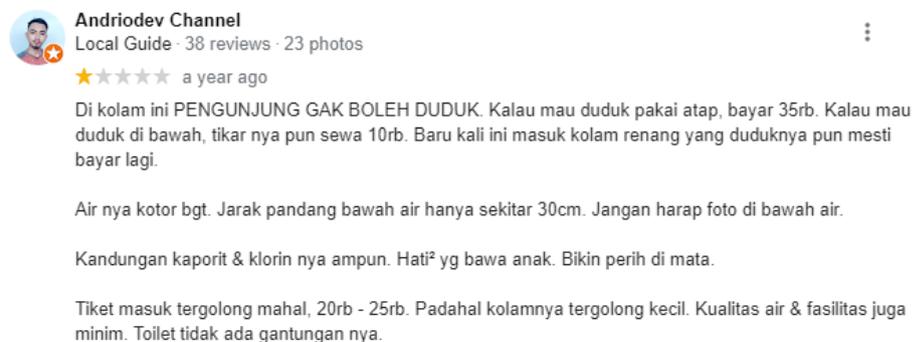
A facility is a place, amenity, or piece of equipment provided for a particular purpose. According to Kotler & Armstrong (2016), a facility is

everything that is classified into physical equipment that is provided by the service provider to support the consumer convenience. For the service company, usually, facilities are provided to enhance and maximize customer satisfaction. When the facilities that are provided can function properly and help the consumers to achieve their needs, they can feel satisfied with the overall service.

Customer satisfaction is a measure of how a company's products and services meet the consumers' expectations. Customer satisfaction is a crucial goal that every company is trying to achieve. Once the customer is satisfied with the product or services performed by a company, it might lead to customer retention as long as it improves the brand reputation. Several factors influence the customer's satisfaction. Based on research by Pertiwi (2018), price, facilities, and attraction rides have a significant influence on customers' satisfaction.

Indonesia is known to have a chain of over 17,000 islands makes the citizens have become familiar with aquatic activities, such as diving, canoe-kayak, scuba diving, water skiing, swimming, and many others more. Swimming is an activity that can be enjoyed by most people from babies, kids, teenagers, adults to elders. The activity offers many health benefits that can train physical fitness. Besides, it can also be a recreational activity to relax the body and mind. Judging from the situation, the demand for swimming pools can be considered high as they can work as recreational activities for those who seek relaxation, which at the same time can also work as exercise. Especially in bigger cities, where the citizens have been busy hustling on their daily routine, they need a short break on the weekend, often they choose swimming as their weekend activity.

Kolam Renang Marelان City Family Club is a swimming pool which is located at Jalan Kapten Rahmad Buddin, Medan, North Sumatra. The swimming pool has been operating since 2016. The business starts its operational hours from 9 am until 6 pm. To enter the swimming pool, every visitor needs to buy an entrance ticket for 20,000 Indonesia Rupiah for the weekend or 15,000 Indonesia Rupiah for weekdays. The opening of the swimming pool has attracted much attention from the nearby citizens as it is the first swimming pool opened in the Kelurahan Terjun, although there are several competitors in the Kecamatan Marelان, such as Kolam Renang Tirta Marelان and Kolam Renang Srikandi. The swimming pool received numerous complaints regarding the service provided. It can be seen from the Google Review, even though it received 4 stars rating, overall many complaints were posted on the Google Review.



Source : Google Review (2021)

Below is the price comparison between Kolam Renang Marelan City Family Club with its competitors nearby.

Name	Weekdays Price	Weekend Price
Kolam Renang Marelan City Family Club.	Rp 15.000,-	Rp 20.000,-
Kolam Renang Tirta Marelan.	Rp 10.000,-	Rp 10.000,-
Kolam Renang Srikandi Marelan	Rp 10.000,-	Rp 15.000,-

Based on this situation and condition, the writer decided to make research titled “The Influence of Price and Facility towards Customer Satisfaction in Kolam Renang Marelan City Family Club, Medan”

1.2 PROBLEM LIMITATION

Based on the research that has been made by the writer, the research is limited only on “Price” and “Facility” towards “Customer Satisfaction” where price and facility as independent variable and customer satisfaction as dependent variable at Kolam Renang Marelan City Family Club in Jalan Kapten Rahmad Budin, Medan. The study sample and respondents for this research is visitors of Kolam Renang Marelan City Family Club. The data retrieval process will be done

by giving out questionnaires to customers who have fulfilled the characteristics that has been set by the writer. This method is called the purposive sampling method and the data analysis tool will be multiple linear regression using SPSS.

1.3 PROBLEM FORMULATION

Based on the background of the study, the writer is able to have a problem formulation such as :

1. Does price have influence towards the customer satisfaction in Kolam Renang Marelan City Family Club?
2. Does facility have influence towards the customer satisfaction in Kolam Renang Marelan City Family Club?
3. Do price and facility have influence towards the customer satisfaction in Kolam Renang Marelan City Family Club?

1.4 OBJECTIVE OF THE RESEARCH

The purpose of conducting this research is :

1. To investigate the influence of price towards the customer satisfaction in Kolam Renang Marelan City Family Club.
2. To investigate the influence of facilities towards the customer satisfaction in Kolam Renang Marelan City Family Club.
3. To investigate whether price and facilities have influences toward customer satisfaction in Kolam Renang Family Club.

1.5 BENEFIT OF THE RESEARCH

The benefits of conducting this research are as follows :

1.5.1 THEORETICAL BENEFIT

This research is expected to prove whether price and facility will have influence toward the customer satisfaction. Not only that, the research is done in order to gain further understanding on how price and facility affect the customer satisfaction. It is also expected from this research to gain more knowledge on the theories about price, facility, customer satisfactions, and relationship between the variables.

1.5.2 PRACTICAL BENEFIT

1. For the company

This research will provide some information and solution on how price and facility can affect the customers' satisfaction.

2. For the writer

From this research, the writer is expected to gain more knowledge by observing the real-life models on how price and facility can influence the customer satisfactions.

3. For other researchers

As an additional knowledge, especially about how price and facility can affect employee performance.