

CHAPTER I INTRODUCTION

1.1 Background of the Study

The development of a lifestyle has occurred rapidly in Makassar. It results in an entertainment center into a means of supporting business development in Makassar. Automatically, it makes the other aspects, such as culinary, fashion, art, and so also growing rapidly (*Makassar Terkini, November 2011*). In the era of modernization, not only the city can change, but also the modernization of the public component of the city. By the influence of social and cultural aspects that come from abroad to Indonesia to take part to change people's behavior patterns (*lifestyle of people, edition xxv*). For example, people who previously had their lunch time just to eat, but nowadays it turned into having lunch time while socializing.

The existence of a cafe becomes a place to socialize. While spending time having lunch with a colleague, they also enjoy walking to the shopping center. Cafe, besides being a place to eat and drink, people see many opportunities and benefits they can get when visiting a cafe. Among them, a place to gather, socialize, exchange ideas, build networks with colleagues, and even become a preferred place to do business between the executive (*kopi untuk Indonesia lion magazine, 2010:19*). Those things are made a trend in the lifestyle by most people in Makassar. Given the tremendous potential that is established, it is not wrong if so many coffee shops are appearing in Makassar. As an example starbuck, coffee bean, Excelso, as well as other local coffee shops.

Given the scale of the business opportunities offered by the coffee shops, Mr. Sunarto built a privately owned coffee shops in Makassar in 2008. Offering a variety of delicious coffee with Javanese dishes, he feels optimistic with his coffee market. Located on Jl. Hertasing Baru No.88, this coffee shop becomes the main attraction for the people who feel reluctant to enter the shopping center. By the time, many coffee shops have been slowly growing like mushrooms in the rainy season. With the diversity of products and services offered and locations that support the coffee shop, a number of coffee shop businesses resulted in a

tightcompetition in Makassar (*Majalah Pariwisata Makassar, December 2011*). It also brings impact to **Coffee shop 88 visitors** who tend to be unstable from month to month. The table below shows data from Coffee shop 88 visitors from August 2011 to January 2012.

Table 1.1

Number of visitors at Coffee Shop 88 From August 2011 to January 2012

MONTHS	NUMBER OF VISITORS
August	2430 visitors
September	2114 visitors
October	2684 visitors
November	2417 visitors
December	2583 visitors
January	2673 visitors

Based on the above table, it can be seen that the number of visitors to **coffee shop 88** is not stable, it has resulted in the income chart up and down. To satisfy the consumers, the company can provide or sell goods and services that are best at reasonable prices. In the implementation, the business owners should be able to determine what strategies should be used in order to create satisfaction of the customer. Because customer satisfaction will be formed if the marketer can deliver a quality service. The service quality has a close relationship with consumer satisfaction. The quality will boost the consumers to establish strong ties with the company. Thus, the companies can increase customer satisfaction by minimizing or eliminating unpleasant consumer experience. The customer satisfaction can create a loyalty and the loyalty to companies that provide satisfactory quality (*Tjiptono, 2002:54*).

A good image quality is not seen from the perception of the service provider, but from the customer perceptions. The customer satisfaction on service quality can be determined from the company's efforts to improve and maintain the quality of service. If the quality of service that consumers receive better or equal to what he had imagined, then consumers will tend to try it again (*Yoety, 2000:45*).

To determine the viability of the company in the long run, is usually heavily influenced by the level of consumer satisfaction. Due to the high satisfaction or delight creates high emotional closeness to a particular brand. Preference is not only rational but also will result in high customer loyalty (Kotler, 2002:42). The companies must compete with similar companies with different or more specific products featuring.

Some companies won the competition by utilizing the existing business opportunities, they also seek to apply the right marketing strategies to create and retain customers to remain loyal (*resistant*) to the company's products. Resistance is shown by the loyalty of the consumer regarding to the attitudes of consumers towards the products they consume. The consumer resistance is the key to customer satisfaction (Kotler, 2005:56).

However, efforts to satisfy customers is not easy. Marketing activities operate on the situation of business competition becomes more intense. In a continuously evolving environment, which directly or indirectly affect the lives and economic governance, techniques of marketing and consumer behavior. One of the marketing concept offered by Kotler (2000:355) is doing the marketing mix that still includes product, price, service and promotion. However, the measure of customer satisfaction still emphasize on the product quality and service quality

There are two main factors that affect the service quality that is *expected* service and *perceived* service. If the service is received or perceived in line with expectations, the service quality will be perceived as an ideal quality. Whereas, if the service is received lower quality than expected, the service quality will be perceived as bad.

Satisfaction is the degree of one's feelings after comparing the performance with the perceived expectations. Level of satisfaction is a function of the difference between perceived performance with expectations. If the performance is less than expected, then the customer will be disappointed. When performance in line with expectations, the customer will be very satisfied. Satisfaction is something that must be considered by the producer. According to *Schnaars*, basically, the purpose of business is to create satisfied customers. Creation of customer satisfaction can provide several benefits. One of them is the relationship

between companies and consumers are getting closer. An important decision in developing and marketing of products and services are, providing a product attribute, branding, packaging, label attached and product support services (*Kotler, 2001:354*). According to a marketing expert, *Kotler (2000)*, stressed the customer satisfaction is a person who has a sense of excitement or disappointment after comparing the performance or results that are perceived and compared to a kind of his/her expectation.

On the other hand, loyal customers who provide many benefits to the company will give a consistent repeat purchase opportunities. The expansion of product lines that are consumed, the spread of good news (*positive word of mouth*), reduced price elasticity and lower promotional costs will be able to attract new customers (*Athanassopoulos et al., 2001*).

According to *Suarthana (2006: 23)* "a coffee shop is a place of business in commercial scope of its activities to provide food and beverage service to the public at his/her place of business". Meanwhile, according to *Sihite (2000: 16)* "a coffee shop is a person who comes into a place where guests will enjoy the food service, either morning, afternoon, or evening hours, based on the service hours, and the guests will pay in accordance with the price list provided at the coffee shop ". From the above definition, it can be concluded that the coffee shop is a place of business to serve the guests who come to the scope of its activities to provide food and beverages commercially.

One thing to pay attention in competition is how the consumers receive and feel the benefits or the value of a product. The consumer has had a loyal behavior, satisfaction and commitment to the product (*Mowen and Minor, 2002*). Similarly, Coffee shop 88 in Makassar is more oriented to the effort to drive customers and the prospective customers to be more satisfied with the coffee shops. Customer satisfaction is influenced by price, product, cleanliness, and the service quality to satisfy the customers. Because, having the customers satisfied with the product, it will make repeat purchase of product. *Nuryadi (2001)* states that if a company already has a loyal customer of the revenue, it will guarantee a regular cash flow. According to *Aritonang (2005)* in determining the customer satisfaction, particularly, at the coffee shop, the hygiene factor has a very big impact, because

the customers have the same desire with the food he ate, the cooking, food ingredients, processing, and sanitary facility, healthy and free of germs (*Retno, 2002*). Service is any activity or benefit of any property offered production-related services can be physical and non physical promotion (*Bilson Simamora, 2001:172*). Based on this background, the researchers intend to conduct a research on "**THE INFLUENCE OF PRICE, PRODUCT, HYGIENE AND SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION OF COFFEE SHOP 88 MAKASSAR**"

1.2 Research Problems

- 1.2.1 How is the effect of price to the customer satisfaction at Coffee Shop 88?
- 1.2.2 How is the effect of product to the customer satisfaction at Coffee Shop 88?
- 1.2.3 How is the effect of Hygiene to the customer satisfaction at Coffee Shop 88?
- 1.2.4 How is the effect of service quality to the customer satisfaction at Coffee Shop 88?

1.3 Research Objectives

- 1.3.1 To find out the effect of price to the customer satisfaction at Coffee Shop 88.
- 1.3.2 To find out the effect of product to the customer satisfaction at Coffee Shop 88
- 1.3.3 To find out the effect of hygiene to the customer satisfaction at Coffee Shop 88.
- 1.3.4 To find out the service quality to the customer satisfaction at Coffee Shop 88.

1.4 Research Contributions

- 1.4.1 As an input to Coffee Shop 88 for better price, product, sanitation and quality service to meet the customer satisfaction demand in determining the next steps in a policy-making later.

1.4.2 As a scientific research in applying the theories to be implemented empirically on the field.

1.4.3 To apply the theories we have learned and acquired during the study and compared with what encountered in conducting direct observations in the environment.

1.5 Research Limitation

This study emphasizes the factors that have a direct impact on customer satisfaction, ie. price, product, sanitation, and quality of service. The object of this study is the customers of Coffee Shop 88 in Makassar. The research will be conducted in 2012.

1.6 Research Outline

Chapter I sets up the research problem for the reader. It also provides the background information defining the issue and important terms. It also specifies the research objectives explored in greater detail to contribute to understanding the research problems.

Chapter II summarises the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of the theory that is going to apply to the research problem, an explanation of why it is relevant, and how the modelling efforts address the hypothesis to be tested.

Chapter III explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of the data.

Chapter IV organises a logical presentation of the findings that address the research questions, and focus on how these key findings relate back to the theory and prior researches presented at the beginning of the study.

Chapter V outlines the implications, conclusions and recommendations supposed to advance the study of the research topic by its theoretical, methodological, or substantive contributions.