

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Along with the passage of time and the influence of globalization, various industries around the world are evolving, one of which is the Food and Beverage industry. Food and Beverage industry or F&B is an industry that manufactures and sells food and beverages, such as restaurants, cafeterias, cafes, pubs, catering businesses, fast food outlets, food manufacturing operations, and others. The food and beverages business that is growing rapidly, one of which is a pastry business. Pastry is a field that focuses on serving and processing cake-type dishes. Pastry comes from the French word "Patisserie". According to Adjab Subagjo (2007:87) as cited in G. J. Widjaja, R. G. Maulida, and R. Taufiq (2019), pastry is a part of a food or kitchen product that is within the scope of the food and beverage department which has the tasks of making desserts and snacks, such as cakes and bread. With the rapid growth of people who do pastry business, it also means that the business competition will also be getting tougher. Thus, people who do pastry business will have to be more creative in every aspect to be ready to face competition in this field. The most important aspect of running a business is satisfying customers' wants and needs. By knowing the wants and needs of customers, business people can increase customer satisfaction. Therefore, it is essential for business people to be able to offer service and product quality that will give a lingering impression on customers.

La Maison is a family owned and run patisserie that serves delectable and freshly made artisanal pastries. Established in 2011, La Maison is a popular patisserie in Medan, with various artisan of pastry products are sold here including macarons, cakes, cupcakes, brownies, cake pops, and viennoiserie (croissants & cinnamon roll). The following shows the prices of La Maison's products :

Table 1.1 La Maison - Biduk Branch, Medan Products' Prices

Product	Price
Cake	Rp. 368,000 – Rp. 609,000
Medium Cake	Rp. 361,000 – Rp. 423,000
Mini Cake	Rp. 49,000 – Rp. 110,000
Cupcakes	Rp. 110,000 – Rp. 589,000
Macarons	Rp. 23,000 / each
Viennoiserie	Rp. 23,000 – Rp. 38,000
Cookies	Rp. 33,000 – Rp. 182,000
Brownies	Rp. 28,000 – Rp. 363,000
Cake Pops	Rp. 19,000

Source: La Maison (2023)

La Maison was founded by Stella Lowis, who was born in Medan. Purely out of curiosity at first, she began browsing and exploring more, and that's when she knew that pastry was her world. She pursued her passion for pastry right after graduating from high school, majoring in Diplôme de Pâtisserie at Le Cordon Bleu in Australia. Then she returned home with a dream of spreading joy through her creation and serving up pastries that will leave a lasting impression.

For more than ten years since the business has been running, La Maison has grown in popularity, and now they already have several branches in Medan and also in Jakarta. In this final paper, the writer will be focusing on the first shop of La Maison which is located at Jl. Biduk No.66, Medan City, North Sumatra. The interior of the room which has a classic impression as well as 'cute' with a purplish pink color design is the main attraction for customers.

La Maison is well-known for its macarons, which come in a variety of flavors. The Salted Popcorn flavored Macaron is the most favorite variant at La Maison. Tosca green in color, this macaron is sprinkled with popcorn crumbs so that it looks different from the usual plain macaron and in the middle there is a thick white cream. Aside from that, they also added a dietary menu with vegan, gluten-free, and keto & diabetic options. Even after running for more than ten years, La Maison is still a Medan locals' favorite.

Product quality refers to how well a product meets customer needs, serves its purpose, and meets industry standards. For a product to have any meaningful value, it must have a certain amount of quality, or ideally a high level of quality. In other words, it must really address a need or resolve a problem for the customer. By doing that, the product can serve as a valuable resource. According to Prawirosentono (2002) as cited in D. Hilary, and I. Wibowo (2021) product quality is defined as the physical state, function, and feature of a relevant product that can meet the tastes and needs of consumers satisfactorily in accordance with the value of the money spent.

Despite the fact that La Maison is very popular and have a good product, according to the information which the writer obtained from the owner, La Maison is experiencing a decrease in sales in 2022, which can be seen from the data below :

Table 1.2 Sales of La Maison – Biduk Branch, Medan

Year	Percentage	Sales (Rp)
2019		1.560.000.000
2020	-35%	1.014.000.000
2021	16%	1.176.240.000
2022	-7%	1.093.903.200

Source: La Maison (2023)

Based on the data above, it can be seen that there is a decreasing in sales from year 2019 to 2020, and an increasing in sales from year 2020 to 2021, but from year 2021 to 2022 there is a decreasing of sales by 7% which makes the writer think that this decreasing in sales have a relation with La Maison's product quality, price, and service quality. Along with the decrease in sales, the writer found out that La Maison also received a fairly low review, which is only rated 4.2 on google review.

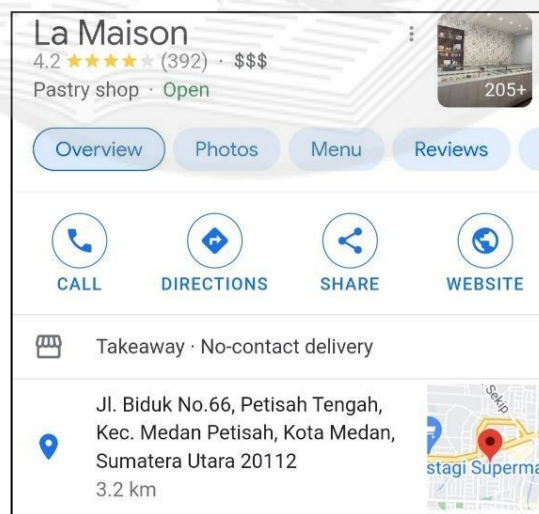


Figure 1.1 Rating on Google Review

Source: <https://google.com> (2023)

From the google review, they mostly complained about the price and service, which can be seen on the following table:

Table 1.3 Bad Review of La Maison – Biduk Branch, Medan

Source	Bad Review
Google review	Cake, macarons, all my favs. But all the workers at the Sun Plaza or the shop itself, the ladies are very arrogant, lazy to smile, and they took a long time too. We buy well, but the response is like they don't need buyers. It's a shame it's a good brand, but the workers have no attitude.
	The service is not great. The way it works is slow. And arrogant.
	The employees are snappy and arrogant... not recommended
	The macaron is soft, the color is beautiful- some are delicious but many are not, and the price is also quite expensive, buy 6 of them for 130 thousand.
	Very unfriendly service. Very disappointing.
	The food is small, but the price is high.
	The place is quite luxurious, but honestly too expensive for the lower middle class. Although the taste is quite good and standard, but only slightly different from other pastries and bakeries.
	Not recommended, unfriendly workers, lazy etc. So baddddddd.
	The cakes are expensive here...
Expensive with over-sweet pastries products	

Source: <https://google.com> (2023)

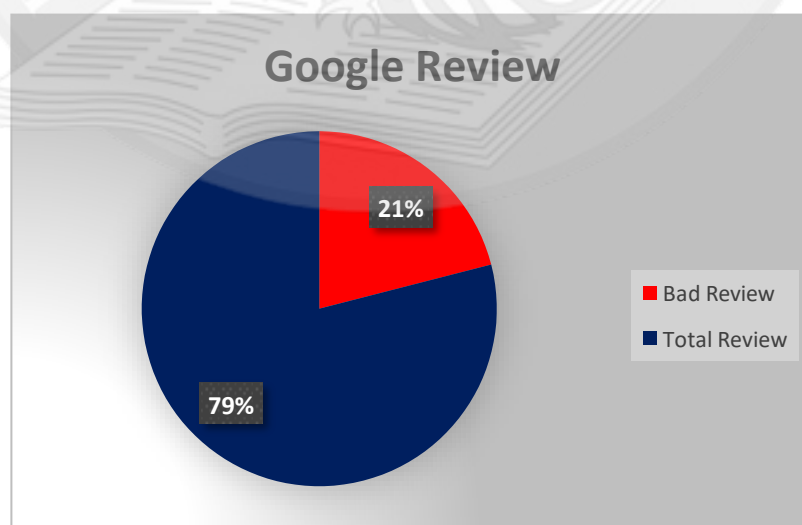


Figure 1.2 Total Review of La Maison – Biduk Branch, Medan

Source: Prepared by the Writer (2023)

The diagram above which prepared by the writer is based on the reviews on Google of under four stars. From the total of 392 reviews, there are a total of 81 or 21% of the customers who gave reviews under four stars.

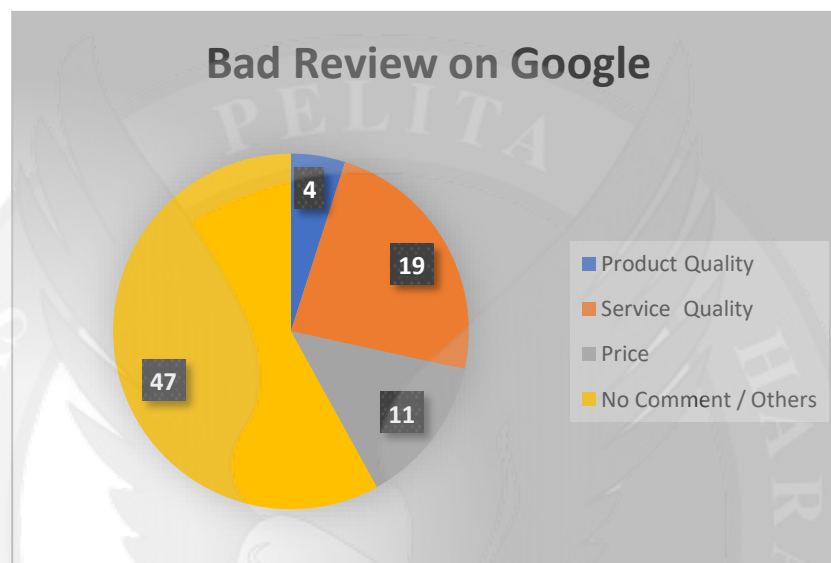


Figure 1.3 Bad Review on Google of La Maison – Biduk Branch, Medan
Source: Prepared by the Writer (2023)

From the 81 or 21% of the bad reviews which is under four stars, 4 of it is complaint regarding the product quality, 19 of it is complaint regarding the service quality, 11 of it is complaint regarding the price, and 47 of it is complaint regarding other things or without comment.

According to information the writer obtained from the owner, La Maison always applies to its employees to always be friendly and give smiles to customers. However, based on the data above indicates that La Maison employees do not properly apply this. Service quality is a measure of how well the service meets the expectations of the customers. Every customer has an ideal expectation for the type of service they wish to receive when they visit a restaurant or store. According to

Tjiptono (2005:59) as cited in H.M. Ritonga, D.N. Pane, and M.E. Fikri (2018), service quality is a fulfillment effort on customer needs and wants as well as the accuracy of delivery to keep pace with customer or consumer expectations.

Additionally, some customers indicated that La Maison's products were expensive. The table below shows the comparison of prices with another patisserie.

Table 1.4 Price Comparison

Menu	La Maison	Howey Patisier
Macaron	Rp. 23,000	Rp. 15,000
Cake	Rp. 368,000 – Rp. 609,000	Rp. 380,000 – Rp. 680,000
Mini Cake	Rp. 49,000 – Rp. 110,000	Rp. 45,000 – Rp. 60,000

Source: Prepared by the Writer (2023)

Price is the value that is put to a product or service and is the outcome of a complex set of calculations, research and understanding as well as risk taking ability. According to Kotler and Armstrong (2016) as cited in D. Handoyo (2021) price is the amount of money spent for a product and service or the amount of value exchanged by customers on order to benefit from having or using a product and service. In addition, according to Tjiptono (2012:167) as cited in Rabiah (2020) stated that price also has impact on consumer satisfaction, if the price set by business owner is not in line with the benefits of the product or service, it can reduce the level of consumer satisfaction. Conversely, if the price is determined by the business owner based on the benefits of the product or service, it will increase consumer satisfaction. According to Firmansyah (2018), satisfaction will occur if the company is able to provide products, services, prices, and other aspects that meet or exceeding customers' expectations.

Based on the statement above, although there is a positive value in the product, but still not optimal yet. The company should analyze factors that can increase or decrease customer satisfaction. So in this research, the purpose of writer is to give an understanding and knowing more about the issues being faced by La Maison. Therefore, this research takes the title of **“The Effect of Product Quality, Service Quality, and Price on Customer Satisfaction at La Maison – Biduk Branch, Medan”**.

1.2 Problem Limitation

As the result of the research will be less accurate if the research is not being limited, the writer decides to conduct the research by setting up several limitations, such as :

1. The data of this research is gathered from La Maison at Jalan Biduk No.66, Medan, Indonesia.
2. In this quantitative research, will be focus on 4 (four) variables, which are Product Quality as variable X1 (independent variable), Service Quality as variable X2 (independent variable), Price as variable X3 (independent variable), and Customer Satisfaction as variable Y (dependent variable). The indicators to measure product quality (X1) will be limited to performance, features, aesthetics, and conformance. The indicators to measure service quality (X2) will be limited to tangibles, reliability, responsiveness, assurance, and empathy and access. The indicators to measure price (X3) will be limited to affordability of prices, match price

with product quality, suitability of price with its benefits, and price competitiveness. While the indicators to measure customer satisfaction (Y) will be limited to conformity of expectations, repurchase interest, and willingness to recommend.

1.3 Problem Formulation

Based on the above background, the formulation of the problem in this research as follows:

1. Does the product quality have effect on customer satisfaction at La Maison – Biduk Branch, Medan?
2. Does the service quality have effect on customer satisfaction at La Maison – Biduk Branch, Medan?
3. Does the price have effect on customer satisfaction at La Maison – Biduk Branch, Medan?
4. Do product quality, service quality and price simultaneously have effect on customer satisfaction at La Maison – Biduk Branch, Medan?

1.4 Objective of the Research

The objectives of this research are as follows :

1. To investigate whether product quality have effect on customer satisfaction at La Maison – Biduk Branch, Medan.

2. To investigate whether service quality have effect on customer satisfaction at La Maison – Biduk Branch, Medan.
3. To discover whether price have effect on customer satisfaction at La Maison – Biduk Branch, Medan.
4. To analyze whether product quality, service quality, and price simultaneously have effect on customer satisfaction at La Maison – Biduk Branch, Medan.

1.5 Benefit of the Research

This research will provide two benefits for the related or even the unrelated parties which are:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to prove whether Product Quality, Service Quality, and Price will affect Customer Satisfaction in a business or not. This research is also done to add insight and the researchers knowledge about the effect of Product Quality, Service Quality, and Price on customer satisfaction at La Maison – Biduk Branch, Medan.

1.5.2 Practical Benefit

The practical benefit from doing this research are as follows :

1. For the writer

This research is expected to add insight and the writer knowledge about the effect of Product Quality, Service Quality, and Price on Customer Satisfaction at La Maison – Biduk Branch, Medan.

2. For the company

This research is expected to be the information and to be used as a reference and consideration to increase customer satisfaction at La Maison – Biduk Branch, Medan.

3. For other researchers

The research is expected to be useful in providing reading material or references about the application of the effect of Product Quality, Service Quality, and Price on Customer Satisfaction at La Maison – Biduk Branch, Medan.

