

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1. Background.**

There are 4 factors that determine the influence of customer satisfaction and brand loyalty, these factors are product, price, place, and promotion. Because of the existence of these factors, researchers want to examine further whether all of these factors determine the effect of customer satisfaction and brand loyalty or only a part of these factors. First of all this product, price, place, and promotion or can be called as 4p is a part of the Marketing mix. The marketing mix is an important factor that is used for decision making and tools for evaluating the market and finance of a company. Thus, the marketing mix or marketing strategy is a combination of important elements for planning and fulfilling the entire marketing operations process Mohammad and Madanat (2014). Marketing is firmly embedded as a core business function and involves customer anticipation and satisfaction. Customer needs, where there is mutual benefit. Moolla, (2010).

The marketing mix itself is very attached to the people throughout Indonesia and even throughout the world even though it will be very concerned about this factor to get the best goods so that there is no regret after getting something. This can be seen from the increasing lifestyles of the community varies. One of them is to spend time chatting enjoying snacks and drinks in a restaurant has become the current trend. A large number of restaurants makes the level of competition increasingly tightly resulting in consumers having a high bargaining position against product quality, product prices, strategic location, and promotions offered by a restaurant.

At present competition in business in the field, the restaurant is not only on the product but also involves other variables relating to the value of the consumer shopping experience. This value is related to how a business can

understand consumer wants and needs so that they can determine the marketing strategy. The right marketing strategy is an important thing that can support business people to be able to compete with competitors so that it can increase the competitive advantage sustainable and can satisfy consumer desires. With thus the purpose of a business can be achieved. This is reflected in the number of customers who include its commitment to brand loyalty. The main key is to win the competition by giving satisfaction to customers through good product quality, competitive prices, location strategic and high promotion. By giving satisfaction to the customer, it is expected that the customer will make a purchase repeatedly so that brand loyalty is formed.

Feelings of satisfaction obtained after buying the product by considering how the product itself, price, place and also the promotion offered will bring satisfaction to the customer and even if the customer really likes the product by itself he will be loyal to the goods or brands from experience satisfaction that the customer feels. And it is possible that when they like the product, the customer will offer the product to his or her colleagues and this will be very beneficial for the brand owner. This consideration is very important for the customer and the brand owner. Because when foresight is a priority for customers to consider buying or choosing a product. At that time the customer will analyze whether the item being bought will be worth it or not, between the product and the prices offered.

The more good quality of the products the more it will make customers feel satisfied so they tend to come back to buy the product for more. This consideration of the product, price, place, and promotion also very important for the customer because the customer will always want the best and worth it to buy products that are in accordance with the customer's good standards. After customers experience the satisfaction from buying the product it will lead them into loyal to the brand. Thus there will be a good reciprocal relationship between customer satisfaction and brand loyalty. In this research, there are 6 variables that I intend to know whether all of product, price, place, promotion variable will influence customer satisfaction and brand loyalty on Gyu-Kaku.

Price is the face of a product when people see the price of an item there is an expected expectation. As the saying goes, there is a price in appearance. The idea of price variable came from researcher thought while considering to buy some food that was worth its value between the price and the food itself. In the Gyu-Kaku restaurant, the price is not exactly cheap because the theme of this restaurant is of all you can eat. Where the customer only pays one of the packages that are determined and is allowed to add unlimited food or drinks in the package that has been previously selected. The price in GyuKaku starting from Rp. 158.000 to rp. 458.000 but even so, gu-Kaku also provides a lunch package that costs Rp. 70.000 which is very affordable for its class. Because of Gyu-Kaku Japanese barbeque is kind of all you can eat restaurant, usually, they did not have any ala carte menus which is you have to buy the all you can eat menus, but Gyu-Kaku has something different. They have one package which is a lunch package for one person, through this package people who like to eat in Gyu-Kaku but did not want to eat a lot will be satisfied equally with people who buy all you can eat package.

Of course, if there is a price there must be goods. According to Armstrong & Kotler (2006), goods or services that are launched in the market to be consumed or to be used by customers to satisfy their needs and demands are called products. The product in the restaurant must be fresh when served in the customer. Just like Gyu-Kaku restaurant did, they have a lot of variant side dish which is more than 50 kind like fresh premium meat, vegetables, seafood, dessert and many more. But other than that they have the main menu which is the Karubi meat itself and other premium meat with high quality and good taste. This becomes the best menu in the Gyu-Kaku barbeque restaurant.

A strategic and convenient location will make customers feel happy to visit the restaurant. After considering the price and product usually, the customer looks at how the restaurant is decorated and how strategic its place, basically Gyu-Kaku is a restaurant from Japan. Decoration presented by the restaurant in Indonesia is also Japanese-themed researcher think that when the whole restaurant decorated with Japanese style it will be plus point. Other than given

the feels like in Japan, a customer can experience satisfaction while eating in a decorated place and also it will increase customer appetite. The decoration itself starting from the layout of each table and chair, wall decoration, music that is played and the way of how servicing the customer it is all Japanese-themed. Because of Gyu-Kaku located inside the Mall, it makes it very strategic and easy to access.

Promotion is a fashion for products. Through the promotion, a product will attract interest from customers who basically always have curiosity. The promotion itself will not be missed because with promotions that are usually closely related to discounts will be very loved by the customer. Moreover, it is reviewed by a food blogger it will be good and trusted. So many people see reviews from other people that we don't even know. Their reviews can be a major consideration for people who have never been to the restaurant or those of us who have not visited a restaurant for a long time. Even if they do not directly inform the current condition of the restaurant. People will see restaurants from promotions offered just before ordering food. Usually, this promotion is very interesting and very different. An example is in the GyuKaku the provision of a package menu at a cheaper price but the package cannot be mixed or change one of the menus in a package that has been given. Besides, there are many types of menus that are not included in a package menu, the price is relatively expensive even though the price difference is not too far from the normal price.

Therefore the promotion can be a good consideration too. This is kind of consideration makes people who already eat at the restaurant with their experiences of self-cooking could be the key of loyalty to the Gyu-Kaku restaurant or even promoting freely through word of mouth system. These four variables which are a product, price, place, and promotion were very important for the customer because the customer will always want the best and worth it to buy products that are in accordance with the customer's good standards. Not only important to a customer it is also important to the owner of the brand because they can use customer feedback to improve their product and its quality.

When the customer already decided to come and experience the restaurant by themselves up surely will satisfy. This satisfaction can be the key to loyalty just like Gyu-Kaku given to their customers. They give the customer the best quality of food, the freshness and a lot of variant side dish which is can be the guarantee of customer would back to have more. When the customer feels satisfied they will happy and make a good assumption on Gyu-Kaku restaurant. This good assumption will spread confidently by the customer and pull the other customer who never tries the product of Gyu-Kaku to come. If customers happy and satisfy they will loyal for sure. All the experience in selfcooking, the satisfaction of the customer, good quality of product, freshness, and the atmosphere of the restaurant will be the key of the customer back for more. This kind of satisfaction will lead the customer to become loyal. Because when the customer happy with the services, the product will be a good impression for them and make sure they will come back even it is pricy.

The product, price, place, and promotion are very important for customer satisfaction and brand loyalty. Because when one of the products, price, place, and promotion occurs a problem, the trust that has been built by the customer to the brand will decrease. And when the decline occurs it will be difficult to restore the trust that was previously obtained. According to Chang and Chang (2010), believe that it is vital for organizations to increase customer satisfaction because that leads to loyalty. A highly satisfied customer stays loyal to company product for a longer period of time. Quality of a product, price, and accessibility of products are such notions that increase customer satisfaction. However, a customer's psychological and behavioral natures count significantly in the process of loyalty. Of course, this will affect customers who are initially satisfied and loyal to reconsider their decisions. But of course, the impact will not be as big as customers who from the beginning were not too familiar with the brand.

All of those variables and thought the researcher put the Gyu-Kaku restaurant as an object in this research. Gyu-Kaku itself is a barbeque restaurant from Japan that offers a different presentation by self-cooking. The community

will get a different experience for the Gyu-Kaku they can cook their own food so they will know how fresh its meat and ingredients are served by the Gyu-Kaku restaurant. They are firstly opened at sangenjaya, Tokyo in 1996. Since the opening of the first branch in Tokyo Gyu-Kaku has had a very good existence from the response of the people who have tried to eat at the Gyu-Kaku restaurant. Since then it has been stiffly expanding its business by trying to enter Indonesia in 2015 by opening its first restaurant in Aeon Mall BSDcity, Tangerang.

After 4 years of opening a branch in Indonesia, the restaurant has received a response and good feedback from Indonesian, now Gyu-Kaku has become one of the restaurant barbeques which is very popular in Indonesia and has opened branches in many cities like Jakarta, Tangerang, a special region of Yogyakarta, Surabaya, and Bandung. This restaurant from Japan has the best menu named Karubi meat the meat they use comes from the best cows that are carefully preserved. Called Karubi meat, because of this meat taken from the selected cow which is maintained with more attention is only 4.8 kilograms in one cow. Mentioned as premium meat, the Karubi meat is a best seller. GyuKaku now has more than 700 outlets in all corners of the world, which of course are more in the original, which is called the Sakura country, aka Japan. Gyu-Kaku (2017)

Even though the Gyu-Kaku barbeque restaurant is quite pricy and makes people think twice about choose it to become their eating place but it is worth it and completely equal with the quality and the taste itself. There are also many people who did not care about the price of food. It is because they like the food too much or it might one of their favorite food. This kind of person would like to consider only the taste of food just like the Gyu-Kaku restaurant claim. Gyu-Kaku restaurants claim that they have a good quality of beef which is Karubi beef, they also have more than 50 side dish items which surely that customers who try it for the first time would like to come back for more. Those customers will loyal to the Gyu-Kaku barbeque Japanese restaurant for sure.

Base on what Gyu-Kaku Japanese restaurant in Indonesia claimed the researcher would like to know is the factor of product, price, place and

promotion factor that could make Gyu-Kaku give a claim like they said and is the customer satisfaction also take a part of makes people want to be loyal in Gyu-Kaku restaurant. On previous researchers have examined the relationship between customer satisfaction and brand loyalty. Then it was found that there was a positive relationship between customer satisfaction and brand loyalty.

**Table 1.1**

**The result of previous research customer satisfaction has a strong relationship to brand loyalty**

Hypothesis	Path	Beta	t-stat	p	Remark
Hypothesis 1	BE → BL	0.457	3.846	0.000	Supported
Hypothesis 2	BE → CS	0.780	7.225	0.000	Supported
Hypothesis 3	BE → CS → BL	0.374	3.883	0.000	Supported

Source: Hussein (2018)

On table 1.1 it is said that the brand experience to customer satisfaction and brand loyalty are supported. This result implied that in the context of the casual dining restaurant industry, customers' visual, sensory and emotional experiences are important to enhance customer satisfaction and to lead to customer brand loyalty. Hussein (2018) effects of brand experience on brand loyalty in Indonesian casual dining restaurant: roles of customer satisfaction and brand of origin. *Tourism and hospitality management journal*. Because of researcher did not use the brand experience as a variable then the researcher just only uses the customer satisfaction to brand loyalty. And the data said it is supported and customer loyalty was the important point to brand loyalty. The market mix to customer satisfaction to brand loyalty also has proved from the supported journal is marketing mix effects are positive that emerge in the form of customer satisfaction and loyalty and bring a good reputation for the organization. Nuseir and Madanat (2015) 4ps: a strategy to secure customers' loyalty via customer satisfaction. *International journal of marketing studies*.

The third journal proving that the relationship between product, price, place, and promotion to brand loyalty. Which is one of the independent variables and the product is positive with and significant correlation of 0.461 exist between promotion and product. On the other hand, the finding indicates that there is a

positive connection between the place and product with 0.561 as the correlation. While promotion and price have a significance level of 0.598 showing a positive relationship. Likewise, place and price are significantly related to correlation of 0.456. Place and promotion are positive with a correlation of 0.527. Male and Idris (2018). Assessing the relationship between marketing mix and brand loyalty of toothpaste among academics of selected high institutions in Bauchi state. International journal of management science research.

Therefore the researcher wants to know whether the four factors where they are a product, price, place, and promotion can affect customer satisfaction and brand loyalty or only a few effects. And whether products, price, place, and promotions can also directly influence brand loyalty. The researcher hopes that this research can be used as a reference for further research writing, to be used as a reference source for data collection for those who need it. Base on the phenomena shown above this research will be titled **“The Influence of Product, Price, Place and Promotion Factors on Customer Satisfaction and Brand Loyalty of Gyu-Kaku in Surabaya”**

## **1.2. Identification of Problems**

The problems that will be discussed in this study are as follows with consideration of the titles taken.

1. Whether product factor has influence to customer satisfaction in Gyu-Kaku reataurant in Surabaya?
2. Whether people considering place factor has influence to customer satisfaction in Gyu-Kaku reataurant in Surabaya?
3. Whether price factor has influence to get their satisfaction in Gyu-Kaku reataurant in Surabaya?
4. Whether promotion factor has influence to people's satisfaction in Gyu-Kaku reataurant in Surabaya?
5. Whether product factor has influence people being loyal to a brand in Gyu-Kaku reataurant in Surabaya?
6. Whether price factor has influence people loyal to a brand in Gyu-Kaku reataurant in Surabaya?

7. Whether place factor has influence people become loyal to a brand in Gyu-Kaku reataurant in Surabaya?
8. Whether promotion factor has influence to brand loyalty in Gyu-Kaku reataurant in Surabaya?
9. Whether customer satisfaction has influence to brand loyalty in Gyu-Kaku reataurant in Surabaya?

### **1.3 Objective Study**

Here is the purpose that trigger and motivate writers to conduct researchsation

1. To determine whether product factor has influence and be the positive impact to customer satisfaction in Gyu-Kaku reataurant in Surabaya
2. To determine whether place factor has positive or negative influence to customer satisfaction in Gyu-Kaku reataurant in Surabaya
3. To determine whether price factor has positive or negative influnce to customer satisfaction in Gyu-Kaku reataurant in Surabaya
4. To determine whether promotion factor has positive or negative influence to customer satisfaction in Gyu-Kaku reataurant in Surabaya
5. To determine whether product factor has positive or negative influence to brand loyalty in Gyu-Kaku reataurant in Surabaya
6. To determine whether price factor has positive or negative influence to brand loyalty in Gyu-Kaku reataurant in Surabaya
7. To determine whethter place factor has positive or negative influence to brand loyalty in Gyu-Kaku reataurant in Surabaya
8. To determine whether promotion factor has positive or negative influence to brand loyalty in Gyu-Kaku reataurant in Surabaya
9. To determine whether customer satisfaction has positive or negative influence to make people loyal to the brand in Gyu-Kaku reataurant in Surabaya

### **1.4 Benefits of Research**

There are also have the benefit about what author writing on this reseach study:

1. Academic benefits

- a. Can the author deepen the material for the lecture and the material that the author can not be useless and remain embedded despite the completion of research.
- b. We can write a reference for writing research related to writing and related research so that the author has compiled.
- c. Be a reference source for data collection as well as those who need it.

## 2. Other benefits

Another expectation is the meticulous research on the author would be a fresh idea and help the development of the business so as to support and stabilize prosperity for the users in the future.

### **1.5 The Writing Systematics**

The writing systematics of this research is divided into five chapters, which are arranged systematically as below:

#### **CHAPTER 1: INTRODUCTION**

this chapter includes research background, research questions, research objectives, benefits of the research and the writing systematics.

#### **CHAPTER 2: LITERATURE REVIEW**

this chapter includes the theoretical foundation of product, price, place, product, customer satisfaction and brand loyalty previous research, hypotheses development and research framework.

#### **CHAPTER 3: RESEARCH METHODOLOGY**

this chapter includes research design, variable identification, operational definition of variables, variable measurement, type and source of data, tool and data collection method, population, sample and sampling technique, and also data analysis technique.

#### **CHAPTER 4: ANALYSIS AND DISCUSSION**

this chapter includes general descriptions of the research object, data description, data analysis results by using sem, and discussions on the research discovery.

#### **CHAPTER 5: CONCLUSION, LIMITATION AND SUGGESTIONS**

this chapter includes the conclusion of the results, the limitation and the suggestions that might be useful for future research.