## THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA

**Thesis** 

Presented as Partial Fulfilment of Requirements for the Degree of Sarjana Manajemen (S1) in International Business Management Program Faculty of Business and Economics Universitas Atma Jaya Yogyakarta



Compiled by:

**Steven Nathanael Ganis** 

**Student ID Number: 19 12 24641** 

INTERNATIONAL BUSINESS MANAGEMENT PROGRAM
FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA
2023

### **APPROVAL PAGE**

## THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA



Compiled by:

**Steven Nathanael Ganis** 

**Student ID Number: 19 12 24641** 

Has been reviewed and approved by:

Supervisor



Nadia Nila Sari, SE., MBA

12th June 2023

### THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA

### Compiled by:

#### Steven Nathanael Ganis

Student ID Number: 19 12 24641

Has been defended and accepted on July 10<sup>th</sup>, 2023, as Partial Fulfilment of Requirements for the Degree of Sarjana Manajemen (S1)

International Business Management Program

**Examination Committee** 

Chief Examiner

M. Parnawa Putranta, MBA., Ph.D.

Member(s)

W. Mahestu N. Krisjanti, M.Sc.IB, Ph.D.

Nadia Nila Sari, SE., MBA.

Yogyakarta, July 13th, 2023

Dean of Faculty of Business and Economics

Universitas Atma Jaya Yogyakarta

Drs. Budi Suprapto, MBA., Ph.D.

DAN EKONOMIKA

### **AUTHENTICITY ACKNOWLEDGEMENT**

I, Steven Nathanael Ganis, hereby declare that I compiled the thesis with the following title:

### THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA

Is fully created by the author. All of the references such as idea, theory, citation both direct and indirect that are sourced from various journals are stated in this thesis in the form of bibliography. If it's a proven that the author practices any kind of plagiarism in this thesis, the author would be responsible for it and prepared forthe consequences. Therefore, the degree that the author received from Atma Jaya Yogyakarta University would be suspended and the author will give it back to the university.

Yogyakarta, 12th June, 2023

The Author

Steven Nathanael Ganis

#### **ACKNOWLEDGEMENT**

Firstly, I would like to give thanks and praise the Lord, Jesus Christ, for helping me through all of the process while making this thesis and finally being able to finish my thesis at Universitas Atma Jaya Yogyakarta. I would also like to thank my parents for their full support and all of the people who give me life lessons. This thesis is desired to fulfil the academic requirements in completion of Bachelor study of International Business Management Program Universitas Atma Jaya Yogyakarta with the title:

# THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA

Throughout the process of writing this thesis, the author has to face various obstacles and challenges. However, with the support, encouragement, and prayers from various parties, this thesis can finally be completed. Therefore, with great gratitude, the author would like to express her gratitude and respect for those whohave participated and helped the author in completing this thesis. The author wouldlike to say thank you especially for:

 My Advisor, Mam Nadia Nila Sari, SE., MBA., who has patiently guided me on writing this thesis. Thank you for your guidance, support, and help during my thesis writing.

- 2. My dearest family, my father (Tri Handimoelyono Ganis), my mother (Nonon Wijaya), my brother (Aldo Sebastian Ganis), my sister (Caroline Anabel Ganis), and my grandma (Kwee Jek Siang) who always give endless support through prayer, advice, motivation, and financial support.
- 3. My campus friends, Steven Susanto, Vincent Tanislaus, and Alexander Einstein who have accompanied the author through these 4 years of study and give countless and relentless support both physically and mentally.
- 4. IBMP 2019 class who have filled author's university life with good valuable lesson.
- 5. All of the respondents that could not be mention one by one. Thank you for your help and valuable time to fill this questionnaire so this thesis can be done.
- 6. All of the author's friends that the author couldn't mention individually, who have provided assistance, prayer, and motivation directly and indirectly that were needed by the author to complete the thesis.

The writer realizes that the writing of this thesis is still far from being perfect. The author accepts all criticism, suggestions, and input that will develop this study. The author hopes that this thesis could positively contribute to the reader and other parties.

Yogyakarta, 12th June, 2023

The Author

Steven Nathanael Ganis

### TABLE OF CONTENT

APPROVAL PAGE	i
AUTHENTICITY ACKNOWLEDGEMENT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	vi
LIST OF TABLES	
LIST OF FIGURES	
LIST OF APPENDIXES	
ABSTRACT	
CHAPTER I	
INTRODUCTION	1
1.1 Background	1
1.2 Research Questions	7
	7
1.4 Research Benefit	8
1.5. Writing Systematics	8
CHAPTER II	
LITERATURE REVIEW	
2.1. Literature Review	
2.1.1 Service Quality	
2.1.2 Store Atmosphere	
2.1.3 Price Fairness	
2.1.4 Customer Satisfaction	
2.1.5 Customer Loyalty	14

2.2. Previous Studies	15
2.3. Hypotheses Development	18
2.3.1 The influence of service quality toward customer satisfaction	18
2.3.2 The influence of store atmosphere toward customer satisfaction	19
2.3.3 The influence of price fairness toward customer satisfaction.	20
2.3.4 The influence of customer satisfaction toward customer loyalty	21
2.4. Research Model	22
CHAPTER III	
RESEARCH METHODOLOGY	23
3.1. Type of Research	23
3.2. Objects, Subjects and Location of Research	
3.3. Population and Sample	24
3.4. Data Collection Methods	
3.5. Operational Definition	26
3.6. Measurement Data	
3.7. Methods of Data Analysis	
3.7.1 Descriptive statistics	
3.7.2 Structural Equation Modeling (SEM) – Partial Least Square (PLS)	
3.7.3 Hypothesis Testing	
CHAPTER IV	
DATA ANALYSIS AND DISCUSSION	
4.1 Results of Descriptive Statistic	
4.1.1 Respondent Demographics	
4.1.2 The Result of Mean Analysis Per Variable Indicator	
4.2 SEM_DI S Analysis	30

4.3 Outer Model Analysis (Measurement Model Fit Test)	43
4.3.1 Convergent Validity Test	43
4.3.2 Discriminant Validity Test	49
4.4 Inner Model Analysis (Structural Model Fit Test)	51
4.5 Hypothesis Testing	53
4.5.1 The Influence of Service Quality on Customer Satisfaction	54
4.5.2 The Influence of Store Atmosphere on Customer Satisfaction	54
4.5.3 The Influence of Price Fairness on Customer Satisfaction	55
4.5.4 The Influence of Customer Satisfaction on Customer Loyalty	55
4.6 Discussion	55
4.6.1 The Influence of Service Quality on Customer Satisfaction	55
4.6.2 The Influence of Store Atmosphere on Customer Satisfaction	56
4.6.3 The Influence of Price Fairness on Customer Satisfaction	56
4.6.4 The Influence of Customer Satisfaction on Customer Loyalty	56
CHAPTER V	
CONCLUSION AND MANAGERIAL IMPLICATIONS	57
5.1 Conclusion	57
5.1.1 Based on the analysis of the respondent's profile	57
5.1.2 Based on the result of PLS-SEM	57
5.2 Managerial Implication	58
5.3 Research Limitation	59
5.4 Suggestion for Future Research	59
BIBLIOGRAPHY	60
APPENDIX	65

### LIST OF TABLES

Table 2.1 Previous Research	15
Table 3.1 Table of Variables Definition, Item Questions and Research Scale	26
Table 3.2 Table of Variables Definition, Item Questions and Research Scale	31
Table 4.1 Distribution of the Questionnaire	35
Table 4.2 Respondents Gender	36
Table 4.3 Respondents Age	36
Table 4.4 Respondents Employment Status	
Table 4.5 Respondents Income / Allowance Per Month	
Table 4.6 Mean of Service Quality Dimension	38
Table 4.7 Mean of Store Atmosphere	40
Table 4.8 Mean of Price Fairness	40
Table 4.9 Mean of Customer Satisfaction	
Table 4.10 Mean of Customer Loyalty	42
Table 4.11 Outer Model (First Test)	
Table 4.12 Outer Model (Second Test)	46
Table 4.13 Average Variance Extracted (AVE)	49
Table 4.14 Heterotrait-Monotrait Ratio of Correlations (HTMT)	49
Table 4.15 Fornell Larcker Criterion	
Table 4.16 Cronbach Alpha and Composite Reliability values	43
Table 4.17 Value of R-Square (R <sup>2</sup> )	43
Table 4.18 Value of Q-Square (Q <sup>2</sup> )	44
Table 4.19 Value of F-Square (F <sup>2</sup> )	44
Table 4.20 Path Coefficient	46

### LIST OF FIGURES

Figure 1.1 China ice cream market size	1
Figure 1.2 Retail sales of ice cream and frozen desserts in Indonesia 2017-2021	2
Figure 1.3 Indonesian ice cream lovers based on age and gender in 2022	2
Figure 1.4 Brand with the most franchise outlets in 2021	3
Figure 1.5 Mixue Ice Cream and Tea Cihampelas walk in Bandung and Mixue Ice Cream and	
Tea Seturan in Yogyakarta	4
Figure 1.6 Mixue Ice Cream and Tea menu in Indonesia	4
Figure 2.1 Customer Satisfaction Analysis Model	13
Figure 2.2 Model of customer loyalty	
Figure 2.3 Conceptual Framework	22
Figure 4.1 Structural Model	43
Figure 4.2 Construct Model	43
Figure 4.3 Bootstrapping Construct	45

### LIST OF APPENDIXES

APPENDIX 1 (Questionnaire)	. 66
APPENDIX 2 (Respondents Characteristic)	. 72
APPENDIX 3 (Data of The Respondent)	. 75
APPENDIX 4 (Result of Data Processing with SmartPLS 4)	87



THE EFFECT OF SERVICE QUALITY, STORE ATMOSPHERE, AND PRICE FAIRNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF MIXUE ICE CREAM AND TEA

Compiled by:

**Steven Nathanael Ganis** 

**Student ID Number: 19 12 24641** 

Advisor: Nadia Nila Sari

International Business Management Program, Faculty of Business and Economics Atma Jaya Yogyakarta University, Jalan Babarsari 43-44, Yogyakarta

**ABSTRACT** 

The purpose of this research is to determine whether there is an effect of service quality, store atmosphere and price fairness on customer satisfaction and their impact on customer loyalty at Mixue Ice Cream and Tea. An online questionnaire with the purposive sampling method was distributed to collect primary data, there were 205 respondents in total who filled out this survey. However, 55 respondents will be excluded from this research because their responses failed to meet the criteria for participation. As a result, there are 150 valid respondents. The data were analyzed using the SmartPLS version 4 software with Structural Equation Modelling (SEM) approach. The results of the research show that service quality, store atmosphere and price fairness have an impact on customer satisfaction of Mixue Ice Cream and Tea, while customer satisfaction has an impact on customer loyalty of Mixue Ice Cream and Tea.

Keywords: Service Quality, Store Atmosphere, Price Fairness, Customer Satisfaction, Customer Loyalty

xii