

Effect of Utilitarian and Hedonic Value on Starbucks Coffee Customer Satisfaction in Denpasar, Bali, Indonesia

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ABSTRACT : Customer satisfaction can occur when customers make purchasing decisions on certain products or services needed by customers. Customer needs motivate customer behavior in the decision making process. The motivational process is then expressed in purchasing behavior in the form of utilitarian and hedonic benefits. The objective of this research is to explain the effect of utilitarian value and hedonic value on customer satisfaction at Starbucks Coffee in Denpasar. The population in this study were customers who had shopped at Starbucks Coffee in Denpasar City, with a sample of 100 respondents using purposive sampling technique. Data collected using questionnaire distribution and analyzed using multiple linear regression. The results show that utilitarian value has a positive and significant effect on customer satisfaction; hedonic value has a positive and significant effect on customer satisfaction; Utilitarian value and hedonic value simultaneously have a positive and significant effect on customer satisfaction.

Keywords -*utilitarian value, hedonic value, and customer satisfaction*

I. INTRODUCTION

Creating customer satisfaction is one of the cores of achieving long-term profitability for the company. Satisfaction is a person's level of satisfaction after comparing the performance or perceived results compared to expectations (Utami & Ekawati, 2020). Satisfaction is described as the difference between expectations and performance (Putra & Ekawati, 2020). If expectations are high while performance is mediocre, satisfaction will not be achieved or even cause disappointment for customers, on the other hand, if the performance exceeds what is expected, satisfaction will increase because the expectations of customers tend to be in line with the increasing customer experience (Cahyati & Seminari, 2020). Rusydi (2017:25) defines customer satisfaction or dissatisfaction as a customer response to a mismatch evaluation (perceived disconfirmation between previous expectations or other performance norms). According to Putra & Wardhana (2016), they state that in a sense of satisfaction, if the performance is less than expectations, the customer will be disappointed and if it is in accordance with customer expectations, they will be satisfied. Buyer satisfaction is a core element of the marketing exchange process where the goods or services meet the buyer's expectations regarding the expected quality and service (Merritt & Zhao, 2020). Buyers shape the value and satisfaction obtained from market offers and purchases based on expectations (Zhang & Prasongsukarn, 2017).

The phenomenon of the growing coffee shop business in Indonesia is one of the potential opportunities favored by urban communities, especially since coffee is one of Indonesia's mainstay commodities. The coffee shop is experiencing continuous development, when there are various attractive packaged services such as the provision of free wifi, cable tv, to live music (Budhipurwaa & Warmika, 2021). The existence of this service keeps customers shopping at the coffee shop even though sometimes their main goal is not to drink a cup of coffee (Tintara & Respati, 2020). The growth, followed by the number of players in the industry, forces every coffee shop to always try to serve the best for its customers (Kusuma & Giantari, 2020). Starbucks Coffee is at the top of the Top Brand Award from 2016 to 2020 the percentage of TBI (Top Brand Index) of the Starbucks Coffee brand is always at the top level compared to The Coffee Bean and Tea Leaf, Excelso, NgopiDoeloe and other coffee shop outlets.

The top brand is based on the results of research on Indonesian customers conducted through a survey from the Frontier Consulting Group in eleven major cities in Indonesia, namely Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar, Pekanbaru, Balikpapan, Denpasar, Palembang and Samarinda. Top brand is obtained through survey results by looking at three parameters, namely top of mind share, top of market share, and top of commitment share. The selected brands are those with a minimum top brand index of 10.00 percent

and according to the survey results are in the top three positions. Top brand index data states that Starbucks Coffee is in the first position and has become the market leader in the last 5 years. In 2016 Starbucks Coffee occupied a percentage of 48.4 percent and decreased in 2016 to 39.5 percent because in that year there was no release of new flavor variants that made customers feel bored with the regular menu served by Starbucks Coffee. That year also coincided with the issuance of a halal certificate by the Indonesian Ulema Council (Ratih & Rahanatha, 2020).

Competition in the coffee shop business is getting tighter in the current era, requiring managers to be more responsive in knowing about the needs, desires and tastes of customers now and in the future (Setiawan & Andayani, 2016). Satisfaction can be formed when what is accepted is able to match what is expected (Putri & Suasana, 2017). Customer satisfaction is one of the reasons that customers decide to shop somewhere (Vasic et al., 2019). Customers are satisfied with a product, they tend to continue to buy and use it and tell others about their pleasant experiences with the product. Before making a purchase, the ability to analyze behavior means success in exploring the psyche of customers and their needs, where the success of entrepreneurs and marketing experts in marketing a product will bring customer satisfaction and personal satisfaction (Chen et al., 2020).

Satisfaction as a form of customer behavior is of course influenced by various factors. Santoso (2016) states that customers who are not satisfied have the opportunity to choose and consume among various brand choices. Even customers can change the choice of products they have consumed so far. One of the factors that causes customers to switch brands is benefits. The more benefits the product has, the more interested customers are in buying the product so that it leaves the old product. One of the possible factors that can affect customer satisfaction, namely value. Usually customers think when making a purchase seeing the benefits provided by the product or what is called utilitarian value (Otvia & Sukaatmadja, 2020)

Basically, utilitarian value is a form of attitude from customers where they make purchases or do not purchase goods or services that they have determined according to their needs rationally (Moon et al., 2017). Evelina et al. (2020) which states that the utilitarian value has an effect on customer satisfaction. This finding is reinforced by Swari & Giantari (2017) that the higher the utilitarian value, the higher the customer satisfaction at J.CO Donuts and Coffee. However, Puwanto & Sunjoto (2015) do not positively confirm the effect of utilitarian value on customer satisfaction at the Modern Coffee Shop. Customers have other considerations beyond the main purpose (utilitarian) in enjoying the menu served, this does not mean that the image of the coffee taste does not match customer expectations at the Modern Coffee Shop.

Santoso (2016) suggests that in addition to product utilitarianism, customers also enjoy hedonic value when buying and consuming products, the experience of buying and consuming products is closely related to feelings, fantasies, pleasures that affect emotions. The hedonic aspect differs from the utilitarian aspect because the hedonic aspect is pleasure-oriented. The hedonic attitude itself is driven by the emotions of customers to consume while the utilitarian aspect of the need to fulfill the basic values of customers (Kusmarini et al., 2020). Companies must pay attention to the spirit of customer shopping by making the shop atmosphere more attractive which will affect the customer's multisensory, so that it can make customers feel more excited. When customers feel enthusiastic when doing shopping activities, customers will tend to be satisfied and eventually become loyal customers. Oktaviani (2017) stated that hedonic value has a strong effect on customer satisfaction for Carl's Jr. Darmo Surabaya customers with the concept of fast casual restaurant which is the latest trend in fast food restaurants. Syafita et al. (2018) stated that hedonic value is able to strengthen customer satisfaction of Berrybenka Fashion E-Commerce with a variety of attractive feature services in its application. However, Setiyanto et al. (2016) stated that hedonic value has no significant effect on customer satisfaction.

H1: "Utilitarian value has a significant positive effect on Customer Satisfaction"

H2: "Hedonic value has a significant positive effect on Customer Satisfaction"

H3: "Utilitarian Value and Hedonic Value have a significant positive effect on Customer Satisfaction"

II. METHODS

This research is an associative type of research, which uses research methods that analyze the relationship between two or more variables. This research was conducted in the city of Denpasar because it is an area that has high mobility with a total population of 1,44,400 people. The research object in this study is customer behavior, especially regarding customer satisfaction which is influenced by the utilitarian value and hedonic value of Starbucks Coffee customers. The dependent variable in this study is Customer Satisfaction (Y) and the independent variable in this study is Utilitarian Value (X1) and Hedonic Value (X2).

Utilitarian value in this study is measured by several indicators such as: feeling comfortable, practical; Economical; Benefits; and Fast. **Hedonic value** is measured by indicators: Adventure shopping, Social shopping, Gratification shopping, Idea shopping, Role shopping and Value shopping. **Customer satisfaction** is measured by indicators: Feel happy; Satisfied; Improve mood; Enjoy the atmosphere

This study used a questionnaire to collect data, measured using a Likert scale. The data analysis technique used is multiple regression analysis using SPSS (Statistical Program and Service Solution). The population in this study were all Starbucks Coffee customers who live in Denpasar. The number of Starbucks Coffee customers cannot be determined with certainty, which makes the population in this study unlimited. The size chosen in this study were 100 respondents with purposive sampling technique of determining the sample, with criteria such as: Live in Denpasar, At least have made 2 purchases of Starbucks Coffee products in the last 3 months, Respondents are at least 17 years old

III. RESULTS AND DISCUSSION

Respondents in this study were 100 people, obtained from direct distribution of questionnaires. The characteristics of respondents in this study were viewed from several demographic variables, which were described by variables of gender, age, latest education and type of work. Female respondents (57%) dominate because they prefer to spend leisure time with their socialite friends while enjoying coffee and various desserts. Respondents aged 21-30 years (63%) dominate where customers at that age are able to make purchase decisions and also choose the best product preference for themselves. College Students (42%) dominate because students like to take long visits to enjoy coffee while surfing the internet, where there are also free wifi connection facilities provided at Starbucks Coffee. The majority of respondents who made purchases 2 times in the last month (60%), and respondents with purchases > 10-20 times were 7 people (7 percent). Purchases > 10-20 times is a category of groups that have hedonic needs

Respondents' answers to **customer satisfaction** have the highest score of 3.99 on the indicator of enjoying a meal (Y1.1). The indicator score is 3.78, prove that customers feel happy, comfortable and satisfied enjoying the dishes available at Starbucks Coffee. Respondents' answers to the **utilitarian value** at Starbucks Coffee have the highest value of 3.94 on the practical service indicator (X1.2) and the shopping convenience indicator (X1.1) of 3.91. The average score of all indicators is 3.71. The results prove that Starbucks Coffee customers prefer practical service and convenience of shopping rather than looking at the price of the products listed on Starbucks Coffee. Respondents' answers to the **hedonic value** at Starbucks Coffee had the highest score of 3.81 on the indicator of spending time with relatives (X2.2) and the indicator of convenience when shopping (X2.3) of 3.74. The average assessment of all indicators is 3.47. The results of the distribution of respondents to this hedonic value prove that Starbucks Coffee customers prefer spending time with relatives and the ease of shopping at Starbucks Coffee.

Table 1. Regression Results

Model	Unstandardized Coefficients		Standardized coefficients	t	Sig
	B	Std.error	B		
Constant	.816	.252		3.239	.002
Utilitarian value	.461	.108	.431	4.279	.000
Hedonic value	.360	.089	.406	4.026	.000
F	80.950				
R-Square	0.625				

The R Square value of 0.625 means that the contribution of the Utilitarian value and hedonic value variables to customer satisfaction is 62.5 percent, while the remaining 37.5 percent is influenced by other factors not included in this study.

The standardized beta of the utilitarian value is 4.279 with a significance level of 0.000 <(0.05), where the utilitarian value has a positive and significant effect on customer satisfaction (**H1 is accepted**). The better the utilitarian value of customers at Starbucks Coffee, it can provide increased satisfaction when shopping at Starbucks Coffee. High utilitarian value indicates that customers agree with the benefits obtained when shopping at Starbucks Coffee. The results of this study are in line with Evelina et al. (2020), Lee & Kim (2018), Rita et al. (2019)

Standardized beta hedonic value 4.026 with a significance level of 0.000 <(0.05) where the hedonic value has a positive and significant effect on customer satisfaction (**H2 is accepted**). This means that the higher the hedonic value of each customer is able to increase customer satisfaction of starbucks in Denpasar. High hedonic value indicates that the customer needs emotional, fantasy and multi-sensory aspects when shopping at Starbucks Coffee. This study is directly proportional to the results of previous research by Syafita et al. (2018), Luo & Ye (2019), Lee & Kim (2018)

The F-value is 80,950 with a significant value of 0.000 (<0.05), which means that there is a significant effect simultaneously of utilitarian value and hedonic value on customer satisfaction at Starbucks in Denpasar (**H3 is accepted**). Utilitarian values and hedonic values that are getting better and attached to customers are able

to increase customer satisfaction at Starbucks Coffee in Denpasar. The results of this study have confirmed the findings of Puwanto & Sunjoto (2015), Lee & Kim (2018)

Limitations

The scope of the research is limited to the area of Denpasar, so the results of this study cannot be generalized to respondents outside the city of Denpasar. This research is a short-term study (cross sectional) due to the time limit for data collection in this study from January 2018 to March 2018. It is better if further research is carried out in the long term.

IV. CONCLUSION

Utilitarian value has a positive and significant effect on customer satisfaction. This means that the stronger the utilitarian value felt by customers, the more satisfied customers will be at Starbucks Coffee. Hedonic value has a positive and significant effect on customer satisfaction. This means that the stronger the hedonic value felt by customers, the more satisfied customers are with Starbucks Coffee. Utilitarian value and hedonic value have a positive and significant effect on customer satisfaction. This means that utilitarian value and hedonic value can together increase customer satisfaction.

Business owners are expected to strive to increase customer satisfaction from a utilitarian aspect. The need to pay attention to price adjustments and increase the benefits that customers expect as well as practicality in responsive services. So far, customers consider the prices listed on the menu to be considered premium, but the taste image offered is in accordance with the price given. It would be nice if the company provides special prices for customers who use a credit card from a designated bank. The procurement of pointed customer cards also facilitates service as a form of practicality in shopping. Customers will feel maximum satisfaction and will likely shop over and over again. If these aspects are considered, it is not impossible if customer satisfaction increases so that customer loyalty arises.

The hedonic aspect is an important consideration in increasing customer satisfaction at Starbucks Coffee. The company must pay attention to the enthusiasm of customers in shopping, such as providing facilities that make customers adventurous or feel at home in their visit by providing wifi facilities, then making them do impulsive buying for their friends by providing weekend with friends, special packages and discounts.

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