Consumer Satisfaction and Loyalty Towards Chatime Beverage Products: Evidence from Pekanbaru, Indonesia

Henni Noviasari¹, Andi Junaidi², Sri Wahyuni Wildah³, Fauzan Azmi⁴, Ishadi⁵, Prima Andreas Siregar⁶

¹,³,⁵,⁶Lecturer of Management Department, University of Riau, Pekanbaru
²Student of Management Department, University of Riau, Pekanbaru
⁴Lecturer of Management Department, Az-Zuhra Institute, Pekanbaru

ABSTRACT

This study looks at how customer happiness and loyalty with Chatime beverage goods in Pekanbaru, Indonesia is affected by flavor, price, and service quality. Comprehending customer behavior is vital for maintaining corporate expansion in the swiftly expanding food and beverage sector. This study takes a quantitative approach by using multiple regression analysis of data obtained from 108 respondents, drawing on theories of customer pleasure and loyalty. The findings revealed that taste, price, and service quality significantly affect consumer satisfaction and loyalty. Interestingly, while satisfaction significantly fosters loyalty, it does not mediate the relationship between price and loyalty, suggesting price sensitivity among students' demographics. Despite perceiving Chatime's products as relatively expensive, their willingness to recommend the brand indicates recognition of quality. This study contributes to a nuanced understanding of the factors driving consumer loyalty in the competitive beverage industry, emphasizing the need for strategic pricing and quality enhancement to foster consumer satisfaction and loyalty.

Keywords: Taste, Price, Service quality, Customer satisfaction, Customer loyalty

This is an open access article under the CC BY-SA license.

Corresponding Author:
Name: Henni Noviasari
Institution Address: Kampus Binawidya km 12.5, Panam Pekanbaru
E-mail: henni.noviasari@lecturer.unri.ac.id
1. INTRODUCTION

Competition between industries has become increasingly fierce owing to rapid advancements in technology, as evidenced by the proliferation of companies that introduce diverse product innovations. Data from the Ministry of Industry (Kemenperin) suggests that the food and beverage industry in Indonesia is expected to exhibit a growth rate of 3.57% during the third quarter of 2022. This suggests that the industry is expanding daily and presents ample opportunities for growth.

As the competitive landscape intensifies, entrepreneurs must carefully evaluate their customers’ needs. When customers are satisfied with their experiences, they tend to remain loyal to the products that they purchase. Consumer satisfaction is typically assessed by comparing the level of satisfaction with the expected level of performance or results. Consumer satisfaction, a concept outlined by Kotler and Keller [1], can be defined as the degree of contentment customer experiences when evaluating actual outcomes or performance against anticipated expectations. Entrepreneurs must maintain customer loyalty and achieve customer satisfaction. Consumer loyalty refers to the behavior of people who are satisfied with a product or brand that they use and endorse others [2], [3]. Indrayani and Syarifah [4] proposed that taste is most likely to promote customer loyalty, which arises from the harmonious interaction between the five human senses (taste, smell, touch, sight, and hearing). Consumer loyalty can be influenced by a variety of factors including taste and price. According to Kotler and Armstrong, as cited in Pembriantika et al. [5], the total value assigned to a good or service is an important factor. Furthermore, as Parasuraman noted in Pranata [3], service quality should not be overlooked when attempting to increase consumer loyalty. Service quality refers to the extent to which the reality of a service meets or exceeds consumers’ expectations.

According to a report by Momentum Works, the bubble beverage market in Southeast Asia is estimated at $3.66 billion by 2021. This is equivalent to approximately IDR 54 trillion, based on an exchange rate of IDR 14,854 per US dollar. Indonesia accounts for the largest share of this market in Southeast Asia. According to estimates, the market value of the largest bubble drink in Indonesia amounts to US $1.6 billion or roughly 24 trillion Indonesian Rupiah, which represents approximately 43.7% of the total bubble market value in Southeast Asia [6]. The popular Chatime bubble tea beverage can be found in all of Indonesia, including Pekanbaru. Chatime offers a variety of drinks made from a blend of natural tea leaves and 100% real fruit, resulting in a more delicious taste. The company first entered the Pekanbaru market on January 17, 2015, at two locations: Ace Hardware in Pekanbaru Mall and Panam Square [7]. By 2022, Chatime had expanded to five locations within Pekanbaru City.

Currently, there are numerous beverage companies in the market, and Chatime is certainly not the only beverage company. However, Chatime continues to be the preferred choice among competitors. This is attested by the highly rated position achieved by Chatime as the winner of the Top Brand Award in the bubble drink category of the Top Brand for Teens Index for the past five years, namely 2018, 2019, 2020, 2021, and 2022.

RESEARCH FRAMEWORK AND HYPOTHESIS

Based on the information provided, the framework of thought and hypotheses proposed in this study are as follows:

Based on this framework, the hypotheses proposed in this study are as follows:

H1: When it comes to Chatime beverages in Pekanbaru, there is a favorable and substantial
correlation between taste and customer satisfaction.

H2: In Pekanbaru City, Chatime drinks are positively and significantly influenced by price and customer satisfaction.

H3: Customer satisfaction and service quality have a favorable and considerable impact on Chatime drinks in Pekanbaru.

H4: Chatime drinks in Pekanbaru City are positively and significantly impacted by taste and customer loyalty.

H5: Chatime drinks in Pekanbaru are positively and significantly impacted by price and customer loyalty.

H6: Chatime drinks in Pekanbaru are positively and significantly impacted by customer loyalty and service excellence.

H7: Consumer loyalty and satisfaction have a favorable and considerable impact on Chatime drinks in Pekanbaru City.

H8: Taste and consumer loyalty are positively and significantly influenced by consumer satisfaction when it comes to Chatime drinks in Pekanbaru.

H9: Through customer happiness with Chatime drinks in Pekanbaru, price has a favorable and significant impact on consumer loyalty.

H10: Customer satisfaction with Chatime drinks in Pekanbaru City demonstrates a favorable and substantial relationship between service quality and consumer loyalty.

2. METHODS

3. RESULTS AND DISCUSSION

3.1 Validity Test

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Corrected correlation</th>
<th>item-total</th>
<th>r table (significant level 5%)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>Indicator 1</td>
<td>0.757</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 2</td>
<td>0.775</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 3</td>
<td>0.786</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X2</td>
<td>Indicator 1</td>
<td>0.765</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 2</td>
<td>0.766</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 3</td>
<td>0.846</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 4</td>
<td>0.743</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>X3</td>
<td>Indicator 1</td>
<td>0.611</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 2</td>
<td>0.797</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 3</td>
<td>0.794</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Indicator 4</td>
<td>0.789</td>
<td>0.1891</td>
<td>Valid</td>
<td></td>
</tr>
</tbody>
</table>
The calculation criteria of the validity test show that all items of the statements are $r_{\text{count}} > r$ (Table 0.1891), which means that all items of the statements are valid. Conversely, when the value of $r$ is calculated to be smaller than that in the $r$ table, the item statement is invalid.

### 3.2 Reliability test

Table 2. Reliability test results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of items</th>
<th>Cronbach's Alpha</th>
<th>Reliability Standards</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>3</td>
<td>0.658</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>X2</td>
<td>4</td>
<td>0.786</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>X3</td>
<td>7</td>
<td>0.870</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Y1</td>
<td>3</td>
<td>0.644</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Y2</td>
<td>3</td>
<td>0.722</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

As evidenced by the Cronbach's alpha values of each variable being greater than 0.60, it can be inferred that all the variables exhibit a high degree of reliability or consistency.

### 3.3 Test of normality

Table 3. Test of normality

<table>
<thead>
<tr>
<th>Research model's structure</th>
<th>First structure</th>
<th>Second structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.200</td>
<td>.082</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

An analysis of Structure 1’s normality test results showed a significant value of 0.200, it was more than the 0.05 mark. The Kolmogorov-Smirnov normality test for Structure 2 also produced a significant value of 0.082, which was greater than 0.05. Should the value of the Asymp.Sig (2-tailed) residual variable exceed 0.05, a normal distribution of the data is assumed.

### 3.4 Multicollinearity test

Table 4. Multicollinearity test results

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Variables</th>
<th>Model's structure</th>
</tr>
</thead>
</table>

Source: Processed data (2023)
Table structures 1 and 2 indicate that the overall tolerance value was greater than 0.10, and the overall variance inflation factor (VIF) value was less than 10. Thus, it can be inferred that the multicollinearity test results do not exhibit any signs of multicollinearity. Consequently, it can be concluded that there is no multicollinearity among the independent variables as each variable's tolerance value surpasses 0.10, and the VIF value is below 10.

### 3.5 Determination coefficients test

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.624</td>
<td>.389</td>
<td>.371</td>
<td>1.42756</td>
<td>1.852</td>
</tr>
<tr>
<td>2</td>
<td>.831</td>
<td>.690</td>
<td>.678</td>
<td>1.13405</td>
<td>1.922</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

The results displayed in the table are in line with an analysis of the first structure's coefficient of determination. 0.371 is the coefficient of determination. This shows that only 37.1% Taste, price, and service quality make up the independent variable, which explains a portion of the variance in the dependent variable, consumer satisfaction. The remaining 62.9% are therefore attributed to additional factors that did not make up the research model. The outcomes of Model 2 provide the coefficient of determination for the second structure. It is clear from this model that the independent variables of taste, price, service quality, and customer satisfaction account for 67.8% of the variance in consumer loyalty (coefficient of determination: 0.678). On the other hand, factors not included in the study model had an impact on the remaining 32.2%.

### 3.6 Research's model feasibility test (F-test)

#### Table 6. Research's model feasibility test (F-test) results

<table>
<thead>
<tr>
<th>Type</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.053</td>
<td>.000</td>
</tr>
<tr>
<td>Regression</td>
<td>57.334</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)
This table illustrates the outcomes of the feasibility examination conducted on the research model for the first and second structures. The results indicate that the F count (22.053) surpasses the F-table value (2.69), with a significance level (0.000) which is less than (0.05). Consequently, the research model in the first structure is deemed feasible and warrants further investigation in subsequent research endeavors. Similarly, the second structure’s research model also proves feasible, as evidenced by the F count (57.334) exceeding the F table value (2.46), with a significance level (0.000) below (0.05). Therefore, this research model should be explored further in subsequent stages of the research process.

3.7 Path analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct</th>
<th>Indirect</th>
<th>Total</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(X1)→(Y1)</td>
<td>0.253</td>
<td>0.253</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X2)→(Y1)</td>
<td>0.234</td>
<td>0.234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X3)→(Y1)</td>
<td>0.278</td>
<td>0.278</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X1)→(Y2)</td>
<td>0.133</td>
<td>0.133</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X2)→(Y2)</td>
<td>0.154</td>
<td>0.154</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X3)→(Y2)</td>
<td>0.147</td>
<td>0.147</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Y1)→(Y2)</td>
<td>0.562</td>
<td>0.562</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(X1)→(Y1)→(Y2)</td>
<td>0.253*0.562= 0.142</td>
<td>0.142</td>
<td>Mediate</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed data (2023)
The two tables presented above illustrate the outcomes of both the path and hypothesis testing. The analysis's initial section focuses on figuring out how customer satisfaction is affected by taste, price, and service quality. All three of the independent factors had a statistically significant impact on the dependent variable, as can be shown by looking at the significance value.

The second part of the study assessed the impact of flavor, pricing, service quality, and customer satisfaction on customer loyalty. In line with the conclusions in the first section, the significance value demonstrates that each of the four independent factors has a statistically significant impact on the dependent variable.

The computation results for direct and indirect impacts are displayed in Table 8. The intervening variable mediates the impact of the independent variable on the dependent variable if the indirect effect's value is greater than the direct effect's. The chart indicates that while customer satisfaction definitely mediates the impact of taste and service quality on customer loyalty, it is unable to mediate the influence of price on customer loyalty.

**DISCUSSION**

**The influence of taste on customer satisfaction**

According to Margareta and Edwin, as cited by Syafriani et al. [8], the quality of food and beverages is a crucial factor that influences consumer purchasing decisions. As such, it is logical to conclude that an improvement in quality leads to an increase in purchasing decisions. The taste of food and drinks is a significant aspect of the culinary industry and plays a pivotal role in determining consumer satisfaction. The unique taste of a product is a defining characteristic that appeals to both customers and consumers. The ability to distinguish between different tastes demonstrates an individual's ability to discern whether a product's taste is desirable or not.

The findings of this study indicate that taste has a favorable and statistically significant impact on consumer satisfaction for Chatime beverage products in Pekanbaru. This suggests that the degree of customer happiness increases with the flavor of a Chatime beverage product in Pekanbaru. Consistency in taste might result in happy and satisfied customers. This study's findings are consistent with those of Maimunah [9] and Mutiara et al. [10], who discovered that flavor influences customer satisfaction in a positive and statistically significant way.

**The influence of price on customer satisfaction**

Kotler and Armstrong, referenced by Pebriantika et al. [5], state that the cost of a good or service is equal to the value that is charged for it. More broadly, pricing is the overall value that customers pay for the acquisition, ownership, or usage of a good or service. Consumers' purchasing decisions are influenced by their perceptions of prices. Studies show that price has a positive and significant effect on consumer satisfaction. This indicates that Chatime products are of high quality, as seen by their cost, and that clients will be satisfied if their expectations are met.

The findings of this study are consistent with those of Mutiara et al. [10], who proposed that pricing had a positive and statistically significant impact. Furthermore, Setyowati et al. [11] and Latif [12] have found a positive and statistically significant correlation between pricing and customer satisfaction.

**The influence of service quality on customer satisfaction**

According to Tjiptono, as cited by Santoso [13], service quality can be understood as an endeavor to fulfill consumer needs and desires, as well as precision in
delivery by aligning with consumer expectations. Service quality encompasses all forms of activities carried out by a company to meet consumer expectations, beginning with consumer needs and concluding with consumer perceptions.

The results show that customer satisfaction is positively and significantly impacted by service quality. This implies that improving the caliber of service at Chatime locations in Pekanbaru can raise customer satisfaction. The findings of this study corroborate those of Latif [12], who asserts that there is a positive and noteworthy relationship between service quality and customer happiness. Husna et al.’s research [14] also shown that customer satisfaction is positively and significantly impacted by service quality. Most consumers think that the most important factor in their decision to buy is the quality of the service. Customers are more inclined to stick with a product if they feel they received outstanding service.

**The influence of taste on customer loyalty**

Taste serves as a means of selecting food or drinks that differ in flavor, as highlighted by Drummond and Brefere, as cited by Mutiara et al. [10]. The taste of a product plays a crucial role in determining whether customers will purchase it. Studies have shown that taste has a positive and significant effect on consumer loyalty. This implies that Chatime beverage items in Pekanbaru City have a high-quality taste, which draws customers to repurchase them in order to experience the product's flavor. Studies by Maimunah [9] and Pranata [3] highlighted the important and favorable influence of flavor on customer loyalty.

**The influence of price on customer loyalty**

According to Wariki et al. [15], price perception refers to a consumer’s subjective assessment of the fairness of a product’s price in relation to its value and its own financial means. Price perception encompasses how individuals perceive prices as high, low, or reasonable. As such, it is essential for businesses to promote a favorable perception of their offerings.

The results of this study indicate that consumer loyalty to Chatime beverage goods in Pekanbaru is positively and statistically significantly impacted by pricing. This suggests that a business will probably win over customers’ loyalty if it can continue to maintain a positive pricing impression among them. The findings of this study align with those of Sembiring’s research [16], which similarly discovered that pricing influences customer loyalty in a way that is both positive and statistically significant. Pranata [3] observed similar results, showing that pricing significantly increases customer loyalty. This is due to the fact that customers evaluate Chatime product pricing properly as they believe that the cost of the beverages is reasonable given the quality of the product and the advantages they obtain.

**The effect of service quality on consumer loyalty**

The discrepancy between what customers expect and what they actually receive as services is represented by service quality. Businesses need to give it top priority if they want to stay competitive and win over customers. This study demonstrates the significant and remarkable influence that service quality has on customer loyalty. Our results are consistent with those of Shartykarini et al. [17] and Pranata [3], who show that customer loyalty is significantly and favorably impacted by service quality.

**The effect of consumer satisfaction on consumer loyalty**

Santoso [13] cites Kotler and Keller as saying that customer satisfaction is the degree to which an individual feels satisfied with the perceived performance or outcomes in comparison to their expectations. When a consumer compares a product's performance to their expectations, they may experience satisfaction or disappointment. When a consumer's expectations are met or exceeded, they feel satisfied, which has a positive and significant effect on loyalty. This implies that Chatime beverage goods in Pekanbaru either fulfill or beyond consumers' expectations, increasing the likelihood of repeat business. The results of this investigation support the
hypothesis put forward by Santoso [13], according to which loyalty is positively and significantly impacted by customer pleasure. Similarly, Maimunah [9] supports this idea by showing that loyalty and customer satisfaction are positively and statistically significantly correlated.

The influence of taste on consumer loyalty through consumer satisfaction

The findings of the hypothesis testing indicate that the flavor of Chatime beverage products in Pekanbaru has a significant and positive impact on consumer satisfaction, which in turn influences consumer loyalty. In Pekanbaru, flavor had a stronger indirect effect on patron satisfaction and loyalty than it did a direct one. This implies that the connection between taste and customer loyalty to Chatime beverage goods is mediated by customer happiness.

The effect of price on consumer loyalty through consumer satisfaction

This study discovered that, in Pekanbaru, Chatime beverage products had a favorable but negligible influence on customer happiness, which in turn affected consumer loyalty. The computed findings showed that the indirect influence value was less than the direct effect, indicating that the effect of pricing on consumer loyalty to Chatime beverage goods in Pekanbaru cannot be entirely mediated by customer satisfaction.

The effect of service quality on consumer loyalty through customer satisfaction

According to the study, consumer satisfaction with Chatime beverage goods in Pekanbaru directly and significantly affects the quality of services rendered and, consequently, customer loyalty. Furthermore, via customer pleasure, service excellence has a stronger indirect impact on client loyalty than it does direct impact. This implies that the link between Chatime beverage goods customer loyalty and service quality in Pekanbaru is mediated by customer happiness.

4. CONCLUSION

The study’s findings and the debate that followed suggest that consumer happiness and loyalty to Chatime beverage products in Pekanbaru are positively and significantly impacted by the characteristics of flavor, price, and service quality. It was shown that while customer happiness can positively and significantly impact loyalty, it cannot mitigate the impact of price on the same. This may be attributed to the fact that the majority of respondents were students who perceived Chatime’s prices as somewhat expensive. Despite this, the majority of respondents do not regularly purchase Chatime products, but are willing to recommend the beverages as high-quality tea drinks.

Future research should explore additional independent variables that may have a more significant impact on consumer satisfaction and loyalty towards Chatime brand beverage products to enhance the findings of the study.

REFERENCES


