

CHAPTER I

INTRODUCTION

1.1 BACKGROUND

In this era of globalization, the number of brands and products that compete in the market becomes so much so that consumers have a variety of choices and alternative products and services that can meet their needs and have the right to choose according to what consumers want. With the competition going on, it requires business people to expend all the capabilities they have in order to compete in the market.

Each business actor in each business category is required to have sensitivity to any changes that occur and put the orientation to customer satisfaction as the main goal (Philip Kotler, 2005). Companies in providing satisfaction to customers, must first learn the wants and needs, consumers at this time and to come.

According to Philip Kotler (2005), that customer satisfaction is the feeling of whether or not someone who emerged after comparing perceptions or impressions with the results of a product produced by the company. Customer satisfaction is defined as post-consumption evaluation that the chosen alternatives at least meet or exceed customer expectations (Engel, Blackwell and Miniard, 1990 in Tjiptono, 1999). Customer satisfaction contributes to a number of important aspects, such as customer loyalty creation, improved corporate reputation, reduced

price elasticity, reduced transaction costs in the future, and increased efficiency and employee productivity (Anderson, et al., 1994; Anderson, et al., 1997; Edvardsson, et al., 2000).

For the purposes of this study, it is assumed that loyal customers are customers who respond positively to what is provided by the service provider and maintain a positive attitude toward the service provider.

The reason why the researcher chose the topic "Assessing *Coffe Break* in Muntok, Indonesian" because the researcher wanted to know the quantity and price of the loyal *Coffe Break Cafe* customers, why they choose *Coffe Break Cafe* as their main *Cafe*. Here's the background of *Coffe Coffe Break Coffe* which can be obtained from direct interview with *Coffe Break Cafe* owner.

Coffe Break Cafe which is addressed on Jl. Jend. Sudirman No.23, Sungai Daeng, Mentok. *Coffe Break Cafe* officially opened on September 1, 2012 by two owners of Steven and Wengki with a starting capital of Rp.2.000.000, - (two million rupiah). Background The establishment of this cafe is due to the owner's love of coffee, as well as the desire and hope to develop Indonesian coffee, especially in the region of Muntok, Bangka Barat Indonesia. The main vision or goal of this cafe is to promote Indonesian coffee through young people, so that young people (teenagers) know and feel how good coffee taste and knowledge of coffee taste like *Arabica* coffee.

Formerly people in the city of Muntok have a habit of drinking coffee with limited types of coffee, then *Coffe Break Cafe* comes with a new type of coffee that

is *Arabica* and *Robusta* coffee where it is a great business opportunity for markets that do not have the type of coffee, and since its establishment this cafe, *Coffe Break Cafe* is the only cafe that provides *Arabica* coffee in Muntok area. In addition to the love and desire to develop coffee in the region Muntok, the reason the owners to establish this cafe is because in 2012 there is no cafe that has a variety of types of coffee and many foods in the region Muntok suitable for a relaxed (hanging out) for teenagers and adults, where *Coffe Break Cafe* has complete facilities in comparison with other cafes, such facilities as *Wi-fi*, spacious parking lot, special room for smokers, a special room to watch together. Income earned is Rp.1.500.000, - per day with an estimated visitor of approximately 350 people / visitors per day.

This data I got from direct interview with owner.

The Slogan of *Coffe Break Café*, “*a million tastes a million stories*”. This slogan have meaning for the owner What's being talked about in this cafe is not just the nonsense or the last breeze that does not exist, but what's being talked in *Coffe Break Cafe* must be in it and for a more rewarding future.

Coffe Break Café is a Café which provides complete facilities for the visitors, especially for teenagers. Why? Because *Coffe Break Café* provides free WI-FI for visitors, providing games for games, such as GAP (Domino), Chest, UNO card, and special room for smokers. Among adults *Coffe Break Café* is usually made a place to relax, meet with clients work, office parties, and where to do office work. Not infrequently visitors at *Coffe Break Café* come in a sustainable way, it's because of the quality of service *Coffe Break*, *Café* Quality of Food and beverages, complete facilities, completeness of the available coffee.

With the density of community activities in the city of Muntok make people need a place to relax and eat that has easy access to visit and have adequate facilities to relax with family, friends, or colleagues one of the choice of place is the cafe. Not just a place to relax and enjoy the food and drinks available, the cafe can also be a place to celebrate birthdays and to make reunion events. With the higher purchasing power of the people in this segment, more and more cafes in Muntok city.

The cafe belongs to the small business category, but it takes the entrepreneurial spirit. An entrepreneur needs to have product design, marketing strategies and solutions to solve creative managerial problems to compete with other companies. The cafe is the kind of restaurant that is simple with a very simple menu. The usual place to open a cafe is a decorated and well-decorated house, and sometimes a *shopping mall* is also a great place for a *cafe*. Places like this are usually more crowded than the restaurant because many guests come in and out of reach. the café provides a place to relax and be punctuated with drinks and snacks. Therefore many entrepreneurs are vying to open the cafe. This can be seen from the example of the lifestyle of today's society is to eliminate saturation in the cafe or a very developed in the city of Muntok. The number of visitors who sit together with friends or family in a cafe or has given value to their satisfaction.

Many large and small cafes are emerging. in addition to providing food and drink, these cafes also offer an atmosphere and a place that is convenient for consumers. Therefore, it can be said that the existing cafes in Muntok are now

competing to provide the best for their customers. Here is a list of the names of cafes in Muntok.

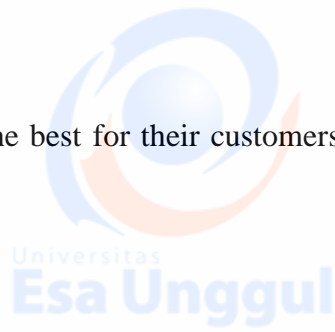


Table 1.1 Name List of Café in Muntok

No	Name of Cafe	Address
1	Pal 2 Coffee & Drinks	Jl. Jend. Sudirman No 55 Pal 2, Muntok
2	Coffe Break, Muntok	Jl. Jend. Sudirman No.23, Sungai Daeng, Mentok
3	D'Story Cafe & Resto	Jl. Jend. Sudirman, Pal 3, Belo Laut, Muntok
4	Slow Rock Café	Jl. Sudirman No.11, Tanjung, Mentok
5	Teras Kite Café	Tanjung, Mentok, West Bangka Regency
6	TEN CAFÉ	Jl. Jend. Sudirman No.28, Sungai Baru, Mentok
7	Cafe Simpang Golf	Jl. Raya Peltim, Belo Laut, Mentok
8	Coffee & Resto AL (24 Hours)	Jl. Lapangan Golf 245, Belo Laut, Mentok
9	Teras Berase Vapor	Tanjung, Mentok, Tanjung, Mentok
10	Kedai Kopi Tiam	Jl. pasar Mentok, Tanjung, Mentok
11	Cafe Otw.08	Parkir barat lap. gelora, Tanjung, Mentok

12	Cafe Kepo	Jl. Jend. Sudirman No.327, Sungai Baru, Mentok
13	Warkop Bang Cik	Jalan Tanjung Kalian No.24, Tanjung, Mentok

Source: Introduction survey by researchers 2018

More and more cafes make customers have a variety of choices to their liking. Each cafe has distinctive characteristics that vary in terms of service, interior design and facilities used. Owner must know carefully what is the desire of the customer? so that customers do not turn to other cafes.

Coffe Break Cafe must have a great strategy for its customers to have a sense of loyalty to the *Coffe Break Cafe* which in this case can be realized by through the creation of the right marketing strategy by providing maximum service to customers set prices in accordance with product quality, providing comfort to consumers, and improve the quality of products produced to meet consumer needs.

The prasurey results are done by researchers as follows:

Table 1.2 Data Prasurey to 30 Customers Coffe Break Cafe Muntok,

Indonesia

SS: Strongly Agree, S: Agree, RR: Doubt, TS: Disagree, STS: Strongly Disagree

No	Question	SS	S	RR	TS	STS
1	Foods and beverages in <i>Coffe Break Café</i> is high quality.	43.3%	52.3%	3.2%	0%	0%
2	You know information about <i>Coffe Break Café</i> from social media.	16.6%	33.3%	10%	40%	0%
3	Parking spots at the <i>Coffe BreakCafé</i> are large.	6.6%	36.6%	20%	33.3%	3.3%
4	<i>Coffe Break Café</i> is the most suitable place to hang out and relax with friends and work relations.	76.6%	20%	0%	3.3%	0%
5	I feel comfortable because the <i>Coffe Break Café</i> gives discounts to customers.	20%	30%	33.3%	16.6%	0%
6	The service at the <i>Coffe Break Cafe</i> is friendly and good manners.	46.6%	53.3%	0%	0%	0%
7	I am interested to visit back to the <i>Coffe Break Cafe</i> at a later time.	56.6%	40%	3.3%	0%	0%
8	I make sure the <i>Coffe Break Café</i> is my top choice	40%	40%	20%	0%	0%

9	Although other cafés offer interesting offers, I will remain loyal to the <i>Coffe Break Cafe</i> .	40%	26.6%	33.3%	0%	0%
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Source: Data processed by researchers 2018

Based on the data table 1.2 it can be seen that 43.3% and 52.3% answered strongly agree and agree, while those who answered strongly disagree 0% food and drink at high quality *Coffee Break Cafe*. This, of course, reveals the fact that a positive response dominates the respondent's response to the quality of the product provided by *Coffee Break Cafe*. For the second question that respondents know information about *Coffee Break Cafe* through social media answer with the percentage of 16,6% and 33,3% to strongly agree and agree while the answer disagree and strongly disagree 40% and 0%. This proves that customers at *Coffee Break Cafe* almost all consume know cafe info through social media as an instrument to promote the cafe.

The third question that states parking in *Coffee Break Cafe* has a large area, the percentage answered strongly agree and agree only 6.6% and 36.6% and who answered doubt, disagree and strongly disagree 20%, 33, 3% and 3.3%. This indicates that the lack of parking area in *Coffee Break Cafe* this should be noted because customer convenience is the main thing to be noticed by the *Coffee Break Cafe* so that it can maintain customer loyalty.

Next the fifth question, *Coffee Break Cafe* gives discounts for customers can be perceived directly by consumers with a percentage strongly agree and agree 20% and 30% while disagreeing and strongly disagreeing 16.6% and 0%. This shows

that the respondents give a positive response to the experience felt by consumers. Certainly the *Coffe Break Cafe* must know again what the customer wants the customer not to turn to other *cafes*. Consumers are not only satisfied by the products they consume, but from the experiences, emotions and good relationships they get from the beginning they keep their feet up to go home.

The sixth question, the service at *Coffe Break Cafe* is polite and good, get the percentage who answered strongly agree and agree 46.6% and 53.3% while respondents who answered disagree and strongly disagree 0% and 0%. This shows that respondents give a positive response to the experience felt by consumers. This shows that *Coffe Break Cafe* has managed to give a good impression to consumers, in addition to *Coffe Break Cafe* has proved that the quality of service is good so that can make customer loyalty to increase. And the seventh question, interested in dating again to *Coffe Break Cafe*, with a percentage strongly agree and agree 56.6% and 40% and who answered doubt 3.3%. This proves consume interested to return to *Coffe Break Cafe* again, due to the quality of service, facilities available, the quality of food and beverages are good, so that customers have an interest to visit again.

In this ninth question, although other *cafes* offer interesting offers I will stay loyal to *Coffe Break Cafe*, get a percentage who answered strongly agree and agree 40% and 26.6% while those who answered disagree and strongly disagree 0% and 0%. This proves that *Coffe Break Cafe* has provided quality service, quality food, good quality facilities, so it is worth to make research in this research.

As described above, these variables are variables that are thought to have an important role in influencing customer loyalty. But to assess a customer's loyalty by considering the quality of service, price, and product as a variable that will be examined will require further research. Based on the description that has been discussed earlier, the authors are interested to make a study entitled, “ASSESSING CUSTOMERS LOYALTY OF COFFE BREAK CAFÉ (Case study in Muntok city of West Bangka, Indonesian)”

1.2 PROBLEM FORMULATION

This study aims to answer the following problems:

1. How the influence of service quality, price, product to customer loyalty in Coffe Break Cafe?
2. How the influence of service quality on partially to customer loyalty in coffe break cafe?
3. How the influence of price on partially to customer loyalty in coffe break cafe?
4. How the influence of product on partially to customer loyalty in coffe break café
5. How the influence of service quality, price, product on simultaneously to customer loyalty in Coffe Break Cafe?

1.3 REASEARCH OBJECTIVES

The purposes of this study are to:

1. To find out and explain the influence of service quality, price, product to customer loyalty in Coffe Break Café.
2. To find out and analyse the influence of service quality on partially to customer loyalty in coffe break café.
3. To find out and analyse the influence of price on partially to customer loyalty in coffe break café.
4. To find out and analyse the influence of product on partially to customer loyalty in coffe break café.
5. To find out and analyse the influence of service quality, price, product on simultaneously to customer loyalty in Coffe Break Café.

1.4 BENEFITS OF REASEARCH

This research is expected to provide benefits and contribution to all parties. The benefits of this research are as follows:

1. For Café Coffe Break

Get advice, feedback and information for the *Cafe Coffe Break* on the assessing customer loyalty with variable service quality, price, and product, so the *Cafe Coffe Break* can determine the next steps taken in measuring future policy.

2. For Nanjing Xiaozhuang University and Esa Unggul University

As reference material for further research and contribute in the field of management science, especially in marketing majors and provide additional

information to the researchers in the field of Marketing Management as well as guidelines for further research, especially research on consumer loyalty.

3. For The author

As a scientific study of the theories that have been obtained to be implemented in the field, but also as a reference means of training in an effort to improve the ability of analysis, observation and disclosure of scientific development of ideas to existing problems.

1.5 PROBLEM LIMITATION

To obtain a clear and comprehensive knowledge of the problem under study, limiting the research to be studied only about “Assessing Customers Loyalty of *Coffe Break Café* (Case study in Muntok city of West Bangka, Indonesian)”