

THE ANTECEDENTS OF COFFEE SHOP CUSTOMERS' SATISFACTION (A CASE STUDY ON 'KOPI KENANGAN' OUTLET IN WEST JAKARTA, INDONESIA)

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ABSTRACT

A phenomenon of the popular and rapid development in coffee shops in Indonesia has driven an increasingly fierce competition among business actors in this industry. The purpose of this research was to examine the effects of coffee quality, service quality, and perceived price on the satisfaction of 'Kopi Kenangan' customers in West Jakarta, Indonesia. The samples of this study were 302 customers of 'Kopi Kenangan' outlet at Citraland Mall in West Jakarta. Data was processed in this study using SmartPLS version 3.2.9. As the results of this research, coffee quality, service quality, and perceived price partially has a positive and significant effect on the satisfaction of 'Kopi Kenangan' customers at Citraland Mall outlet in West Jakarta. This finding can be expected to help business owners in formulating the ideal marketing strategies in the future.

Keywords: *Coffee Quality, Service Quality, Perceived Price, Customer Satisfaction*

1. INTRODUCTION

The phenomenon of coffee industry development in Indonesia has driven an increasing competition, especially in determining the right marketing strategies for business actors in this industry. One of the rapidly growing coffee outlets in Indonesia is 'Kopi Kenangan'. 'Kopi Kenangan' is a brand in coffee and beverages business that enlivens the coffee shop industry in Indonesia. The prestige of 'Kopi Kenangan' brand is strengthened along with the development of 'Kopi Kenangan' business, especially when acquiring financial aids from venture capital, such as Sequoia India, Arrive, Serena Ventures, and Alpha JWC Ventures.

The coffee consumption in Indonesia in the period of 2020 and 2021 was the highest in the last decade. This phenomenon shows high enthusiasm of Indonesian community toward this popular black and bitter drink. The rapid growth in coffee industry in Indonesia also causes the more rapid competition in determining the marketing strategies for various coffee shops, either local or global (dataindonesia, 2022).

The continuously developing preferences in community has driven business actors to provide the products or services as the acts to maintain customer satisfaction. Therefore, providing the products or services that can enhance customer satisfaction as well as preventing dissatisfaction becomes a very important aspect to retain old customers and attract the new ones.

According to Ganguli and Roy (2011), customer satisfaction is a customer's overall assessment toward the service provider. Ruslim et al. (2020) mentioned that customer satisfaction is the level of customer's experience toward the service quality provided compared to the expectation of the

product or service. Thus, customer satisfaction the level of overall performance of service quality delivered to customers by fulfilling their needs, wants, and expectations.

According to Lee et al. (2018), coffee quality is the main attribute coffee shop industry that depicts the characteristics, tastes, and advantages that can be offered to the market to attract the attention, generation, usage, or consumption of customers that can satisfy their needs and wants. Besides, coffee quality refers to the advantage in relying on taste preferences, which is an individual's feeling of like or dislike toward the sensation felt by his / her tongue regarding the chemical substance originating from food or drink (Tjokrosaputro and Cokki, 2020). Previous researches concluded that coffee quality has a positive and significant effect on customer satisfaction (Lee et al., 2018; Shin et al., 2015).

Moreover, there is another factor that can affect customer satisfaction, which is service quality. Miranda et al. (2018) expressed that service quality refers to the benefits received by customer, which are satisfaction, loyal attitude, and purchase intention. According to Wilson and Keni (2018), service quality is a company's capability to provide services with good quality, in which the service quality provided must be able to exceed the customer expectation. Hence, service quality is the customers' assessment regarding the benefits delivered by service provider. Several researches concluded that service quality has a positive and significant effect on customer satisfaction (Ruslim and Rahardjo, 2016; Benyamin and Ruslim, 2023; Ruslim et al., 2023).

Next, another factor that affects customer satisfaction is the perceived price. Customers depend on the price when evaluating a product's performance in fulfilling their satisfaction and expectation based on price indicator. According to Schiffman and Wisenblit (2016), perceived price is a customer's view on the value that he / she receives from a purchase. This phenomenon becomes an important thing for a company to manage the customers' price perception. If the company performance is less than expectation, the customers become dissatisfied. On contrast, if the company performance meets customers' expectation, the customers will be satisfied. Moreover, if the company performance exceeds customers' expectation, then the customers will feel very satisfied or happy (Kotler and Keller, 2016). So, perceived price can be meant as the customers' perception about product values originating from a purchase. Several researches in the past concluded that perceived price has a positive and significant effect on customer satisfaction (Han and Ryu, 2009; Ali et al., 2014).

The variables used in this research were adapted from the research conducted by Suhud et al. (2019), which are coffee quality, service quality, perceived price, and customer satisfaction. Based on such predictors, this research aimed to test the effects of coffee quality, service quality, and perceived price on the satisfaction of 'Kopi Kenangan' customers in West Jakarta, Indonesia.

Based on the background that has been explained, the problems that can be formulated in this research are:

- a. Does coffee quality positively affect the satisfaction of 'Kopi Kenangan' customers in Citraland Mall in West Jakarta?
- b. Does service quality positively affect the satisfaction of 'Kopi Kenangan' customers in Citraland Mall in West Jakarta?
- c. Does perceived price positively affect the satisfaction of 'Kopi Kenangan' customers in Citraland Mall in West Jakarta?

Based on the explanation in the previous section, the research model can be developed as follows:

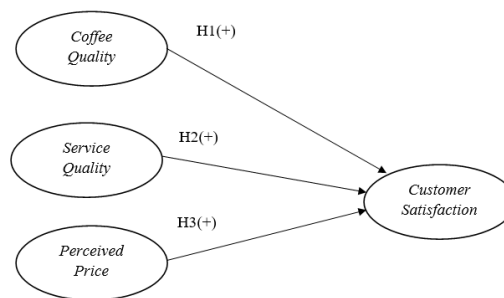


Figure 1. Research Model

Based on Figure 1, the hypotheses in this research can be developed as follows:

H₁: Coffee Quality has a positive effect on customer satisfaction.

H₂: Service Quality has a positive effect on customer satisfaction.

H₃: Perceived Price has a positive effect on customer satisfaction.

2. RESEARCH METHOD

This research is quantitative research with descriptive research design which aims to explain the effects of coffee quality, service quality, and perceived price on customer satisfaction at a ‘Kopi Kenangan’ outlet.

According to Malhotra (2020), descriptive research is used to describe certain phenomena, which is usually about the relevant group characteristics. The population in this research is the customers of ‘Kopi Kenangan’ outlet in Citraland Mall, in West Jakarta, Indonesia.

This research used the cross-sectional design as a method in gathering the data. Data was only collected once within a certain period to answer this research questions. Next, this research used the non-probability sampling technique, because not all population members have the same probability to be included in the research samples. Furthermore, this research used the purposive sampling technique to limit the amounts of samples based on certain considerations or characteristics. The criteria of sample selection in this research are the customers of ‘Kopi Kenangan’ outlet in Citraland Mall in West Jakarta, with minimum age of 17 years-old, and visiting the outlet at least once in the last 6 months. The amounts of samples acquired in this research were 302 respondents. The variable operationalizations can be seen in these tables as follows:

Table 1. Variable Operationalization of Coffee Quality

Variable	Indicator	Code	Source
Coffee Quality	The Drinks from ‘Kopi Kenangan’ have delicious tastes.	CQ1	Suhud et al., (2019);
	The Drinks from ‘Kopi Kenangan’ use ingredients that are safe to consume.	CQ2	
	The Drinks from ‘Kopi Kenangan’ have attractive appearances.	CQ3	Lee et al., (2018)
	The aroma of Drinks from ‘Kopi Kenangan’ is appetizing.	CQ4	

Table 2. Variable Operationalization of Service Quality

Variable	Indicator	Code	Source
	The employees of ‘Kopi Kenangan’ have sufficient knowledge on coffee shop.	SQ1	
	The employees of ‘Kopi Kenangan’ pay sufficient attention to customers.	SQ2	

Service Quality	The employees of 'Kopi Kenangan' prioritize the customers' needs.	SQ3	Suhud et al., (2019)
	The employees of 'Kopi Kenangan' quickly respond the customers' demand.	SQ4	
	The employees of 'Kopi Kenangan' are willing to solve the customers' problems immediately.	SQ6	
	The 'Kopi Kenangan' Outlet uses modern equipments.	SQ7	
	The 'Kopi Kenangan' Outlet has clean environment.	SQ8	
	The 'Kopi Kenangan' Outlet has a nice lay-out.	SQ9	

Table 3. Variable Operationalization of Price

Variable	Indicator	Code	Source
Perceived Price	The prices of Drinks from 'Kopi Kenangan' are affordable.	P1	Lee et al., (2018);
	The prices of Drinks from 'Kopi Kenangan' are cheaper than those from other brands.	P2	
	The prices of Drinks from 'Kopi Kenangan' correspond to the quality.	P3	Effendy et al., (2019)
	The prices of Drinks from 'Kopi Kenangan' correspond to the benefits acquired.	P4	

Table 4. Variable Operationalization of Customer Satisfaction

Variable	Indicator	Code	Source
Customer Satisfaction	I feel satisfied with the quality of Drinks from 'Kopi Kenangan'.	CS1	Suhud et al., (2019);
	I feel satisfied with the prices of Drinks from 'Kopi Kenangan'.	CS2	
	The Drinks from 'Kopi Kenangan' can fulfil my needs.	CS3	Lee et al., (2018); Ruslim & Novianti (2022)
	I recommend other people to visit 'Kopi Kenangan' Outlet.	CS4	
	Overall, I feel happy when purchasing the Drinks from 'Kopi Kenangan'.	CS5	

The Likert scale was used in this research ranging from 1 to 5 (Totally Disagree, Disagree, Neutral, Agree, and Totally Agree), of which the data was acquired from respondents with minimum age of 17 years-old, has ever purchased the Drink(s) from 'Kopi Kenangan' Outlet in Citraland Mall in West Jakarta, with the visiting frequency at least once within the last six months. The questionnaire was created by using *Google Form*, and then distributed to all respondents. The collected data was then analyzed by using SmartPLS software version 3.2.9. Structural Equation Modeling (SEM) was used for data analysis purpose, which consists of outer model and inner model. Outer model is used to test the validity and reliability, while inner model is used to test the coefficient of determination (R^2), predictive relevance (Q^2), effect size (F^2), multicollinearity test, and hypothesis test.

3. RESULTS AND DISCUSSIONS

Table 5. Convergent Validity Test

Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	Average Variance Extracted
Coffee Quality	0.641
Service Quality	0.574
Perceived Price	0.642
Customer Satisfaction	0.645

According to Hair *et al.* (2014), convergent validity refers to how far the certain construct indicators meet or share the same portion of variances. In analyzing convergent validity, the

Average Variance Extracted (AVE) is used in each variable. Hair et al. (2014) stated that convergent validity can be considered valid if the score of AVE is greater than 0.50. The results of AVE in Table 6 show that each variable has the AVE score greater than 0.5. So, all variables used in this research have met the convergent validity criterion based on the AVE score.

Cross-loading analysis was used to test the discriminant validity. The *cross-loading* value shows that the indicators of each variable must be greater than those of other variables, with the objective to find out how far a construct is different from other constructs, either about how high its correlation with other constructs or about how a variable is measured by only representing this single construct (Hair et al., 2014). Based on the results of cross-loading analysis, each indicator in a variable has greater value than that of other variables. Thus, the variables' indicators used in this research have met of the criterion of discriminant validity based on cross-loading analysis. Reliability refers to how far it can generate consistent results, if repetitive measurement is performed (Malhotra, 2020). Reliability analysis is measured by using Cronbach's Alpha (CA) and Composite Reliability (CR). According to Hair et al., (2014), the value of CA and CR must be greater than 0.7 to be considered reliable.

Based on CA and CR values, each variable's indicator has the values greater than 0.7. Therefore, the variables used in this research are considered reliable.

Table 6. Multicollinearity Test
 Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	Value	Conclusion
Coffee Quality	4.579	No Multicollinearity
Service Quality	2.062	No Multicollinearity
Perceived Price	4.582	No Multicollinearity

Hair et al. (2014) stated that the result of multicollinearity test can be seen from the score of Variance Inflation Factor (VIF), which is frequently used to evaluate the collinearity effect from formative indicator. The VIF score greater than 5 shows the critical collinearity problem among constructs' indicators that are measured formally. Hence, this research limits the VIF score to be not more than 5. Based on the results displayed in Table 8, there is no multicollinearity effect among the independent variables.

Table 7. Coefficient of Determination
 Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	R ²	Conclusion
Customer Satisfaction	0.849	High

Coefficient of Determination (CD or R²) explains about the effects of exogenous variables on the endogenous variable (Hair et al., 2014). Based on Tabel 9, the r-square is 0.849, which means that 84.9% of variation in the customer satisfaction variable can be explained by the variations in the variables of coffee quality, service quality, and perceived price.

Table 8. The Result of Predictive Relevance Analysis
 Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	Q ²
Customer Satisfaction	0.538

Relevance test explains about how well the observation value of a research, if the Q^2 value is greater than 0 (Hair et al., 2014). Based on the result of predictive relevance analysis in Table 10, the relationships among variable constructs in this research is considered relevant measure this research model, because the Q^2 value is 0.538.

Table 9. The Result of Effect Size Analysis
 Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	f^2
Coffee Quality → Customer Satisfaction	0.091
Service Quality → Customer Satisfaction	0.148
Perceived Price → Customer Satisfaction	0.097

The results of effect size tests are divided into three categories, which are: a) 0.02 which indicates small model effect; b) 0.15 which indicates moderate model effect; and c) 0.35 which indicates large model effect (Hair et al., 2014). Based on the effect size analysis, the variables of coffee quality, service quality, and perceived price have model effects less than that of customer satisfaction, with the values of 0.091, 0.148, and 0.097.

The hypothesis tests are performed to find out whether the hypotheses in this research were supported or not supported.

Table 10. The Results of Hypothesis Tests
 Source: Data Processed by Using SmartPLS Version 3.2.9

Variable	Value	Result	Conclusion
Coffee Quality → Customer Satisfaction	Path Coefficient: 0.278 t-statistics: 4.936 p-value: 0.000	Positive and Significant	Supported
Service Quality → Customer Satisfaction	Path Coefficient: 0.389 t-statistics: 6.184 p-value: 0.000	Positive and Significant	Supported
Perceived Price → Customer Satisfaction	Path Coefficient: 0.259 t-statistics: 5.154 p-value: 0.000	Positive and Significant	Supported

This research involved 302 respondents, which means that those 302 customers of ‘Kopi Kenangan’ Outlet in Citraland Mall in West Jakarta assessed all the statements provided in the questionnaire. The respondents consist of 154 males (51%) and 148 females (49%). Most respondents were aged between 25 and 34 years-old (129 persons or 42.7%), not married (186 persons or 61.6%), having occupation as employees (171 persons or 56.6%), with the frequency of visit one or twice per week (237 persons or 78.5%).

Based on the first hypothesis test, coffee quality has a positive and significant effect on the satisfaction of ‘Kopi Kenangan’ customers in Citraland Mall outlet in West Jakarta. This can be seen from the path coefficient = 0.278, t-statistics = 4.936, and p-value = 0.000. Thus, the first hypothesis (H_1) was supported. This result is in line with the research conducted by Lee et al. (2018) concluding that coffee quality has a positive and significant effect on customer satisfaction.

The second hypothesis test results that service quality has a positive and significant effect the satisfaction of ‘Kopi Kenangan’ customers in Citraland Mall Outlet in West Jakarta. This can be seen from the path coefficient = 0.389, t-statistics = 6.184, and p-value = 0.000. Thus, the second

hypothesis (H₂) was supported. The research conducted by Suhud et al. (2019) also concluded the same result, in which service quality has a positive and significant effect on customer satisfaction.

The third hypothesis test results that perceived price has a positive and significant effect the satisfaction of 'Kopi Kenangan' customers in Citraland Mall Outlet in West Jakarta. This can be seen from the path coefficient = 0.259, t-statistics = 5.154, and p-value = 0.000). Thus, the third hypothesis (H₃) was supported. The same result was also found in the previous research conducted by Suhud et al. (2019), in which perceived price has a positive and significant effect on customer satisfaction.

4. CONCLUSIONS AND SUGGESTIONS

Coffee with higher quality can contribute in increasing customer satisfaction to the next level in coffee shop business. In this research, it can be concluded that the customers of 'Kopi Kenangan' in Citraland Mall Outlet feel satisfied and happy in purchasing the products and they feel that the quality provided by 'Kopi Kenangan' is already sufficient in the aspects of taste, aroma, and safe ingredients. Thus, it is suggested to 'Kopi Kenangan' to maintain and increase the quality of its coffee. This effort can be viewed from the aspects of the quality of coffee beans used, suitability to the portion served, as well as qualified taste and aroma, in order to fulfil the needs and wants of the customers.

Besides, customers of 'Kopi Kenangan' in Citraland Mall Outlet also feel satisfied due to the quality and performance of the employees in prioritizing their needs and expectations, as well as the area cleanliness and the modernity of the equipment used. Thus, it is suggested to 'Kopi Kenangan' to retain and enhance its service quality toward the customers. This effort can be viewed from the aspects of area cleanliness, the quality of equipment used, the quality and performance of employees to maintain the satisfaction of 'Kopi Kenangan' customers. Good service quality tends to be efficient in the effort to increase the possibility to acquire satisfied customers.

Next, the customers of 'Kopi Kenangan' in Citraland Mall Outlet feel satisfied toward the prices of the Drinks, that match the quality and their affordability. Thus, it is suggested to 'Kopi Kenangan' to maintain the suitability of its products to the quality and customers' affordability, in order to increase their purchase intentions in the future.

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