

EVALUATING THE SERVICE QUALITY OF COFFEE SHOP IN MANADO USING IMPORTANCE AND PERFORMANCE (IPA) ANALYSIS. (CASE STUDY: EXCELSCO COFFEE)

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ABSTRACT

Integrated of the service is determined by several sector. Addressing Asean Economic Community (ASC), increasing in service quality is the most high priority. coffee become a lifestyle there are many coffee shop that open in market, busy lifestyle also be the reason why some of society choose coffee shop to become the place that they can relax or gathering with friends. This also happen in Indonesia, where coffee shops are growing continiusly and rapidly, start from the traditional one until the modern one. The population in this research are the customer of Excelso coffee Manado Town Square. The sample of this research will be 100 customers of Excelso coffee Manado Town Square.

Keyword : ASC, Servqual, IPA

INTRODUCTION

Coffee has become the most popular drink around the world. A good quality of coffee bean will make a good taste as well. There are two varieties of coffee trees that are known in general, first one is Robusta coffee (*Coffea canephora*) and the second one is Arabica coffee (*Coffea arabica*). History records that the discovery of coffee as a drink nutritious and energy was first discovered by the people of Ethiopia about 3000 years (1000 BC) ago (Jason, 2008). As a time passed by coffee become a lifestyle. Currently there are many kind of coffee such as; Black coffee, Espresso, latte, cappuccino, Frappé, Instant coffee, and many more. there also the fifth best and most delicious coffee in the World such as Tanzania Peaberry Coffee, Hawaii Kona Coffee, Java Arabica Coffee, Sumatra Lintong Coffee, and Sulawesi Toraja Coffee. Based on National Geographic (2013), Indonesian coffee is currently ranked the world's third largest in terms of production with the contribution of 657,000 tonnes per year after Brasil and Vietnam.

After coffee become a lifestyle there are many coffee shop that open in market, busy lifestyle also be the reason why some of society choose coffee shop to become the place that they can relax or



gathering with friends. This also happen in Indonesia, where coffee shops are growing continuously and rapidly, start from the traditional one until the modern one. The traditional one regularly placed in Traditional Market, very vintage, have no wi-fi, no air conditioning, and no sofa's also do not have a lot of variants of coffee. While the modern one regularly placed in Mall, nice atmosphere, comfort sofas, free Wi-Fi, air conditioning, first class treatment and high quality coffee. As a time passed by foreign Franchise coffee shop also start to open in Indonesia such as; Starbucks Coffee, The Coffee Bean and Tea Leaf, Old Town White Coffee, Dunkin Donuts, Krispy Kreme, Caffe bene, McCafe, ect. Most of foreign franchise coffee shop was famous in society but also there are national franchise coffee shop that exist and able to compete with foreign franchise such as; Excelso coffee and J.Co Donuts & Coffee.

Excelso coffee was opened its first store in Plaza Indonesia, September 1991. Now Excelso has arroud 126 outlets, spread over more than 30 cities in Indonesia. Excelso is a subsidiary of Kapal Api Global wich is the biggest coffee bean producer in Indonesia since 1927 (Excelso, 2016). As a time passed by Excelso coffee opened in Manado, many citizen of North Sulawesi come and visit also buy the coffee product from excelso, excelso also known as one of famous national franchise brand coffee. Brand coffee shop usually introduced their own store as another place to enjoy coffee and meet friends (Plog, 2005). Excelso coffee offer service that can make consumer fell satisfied like enjoying coffee with nice atmosphere, comfort sofas, free Wi-Fi, air conditioning, high quality coffee also they have friendly waiters.

All company around the world are moving rapidly and concern their service quality into the society, service quality should got an attention and also got to be improved to make sure the society feel satisfied with the service that company has given to them so the company's goals in service factor can be achieved. Company should pay attention to service quality in order to create a long term relationship and make a win-win solution. So, both can get benefit from each other. Many business organizations, however, underestimate the importance of customer satisfaction and quality services while focusing on the quality of products. There is no way an organization can boost its productivity without attaining equilibrium between quality services and quality products (Estepon, 2014).

The atmosphere that company present is important. It would generate the comfortable feeling of a consumer. They may be getting their drinks to go but they will still enjoy what you offer. Convenience and fast service is a must. (Lewis, 2016). It can be a good deal even the price are higher than other coffee shops but some people are willing to pay higher price. Now coffee shops become an attractive place to hangout. The only thing that make one brand more famous than other is better service quality and it could leading to customer satisfaction and also customer loyalty. Brand of companies are already well known, quality of service and distinctive coffee taste, making for competitive advatage. research carried by Tuet



al (2012). On today's competitive coffee industry, efforts to investigate and reduce the difference between coffee shops' and customers' various and fussy wants are urgent (jin &Ryu, 2015).

Marketing

According to Kotler (2002) defines **marketing** as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”

Service Quality

According to Lewis & Booms in Tjiptono & Chandra (2005), service quality as a measure of how well a given level of service capable accordance with customer expectations. Based on the above opinion can be concluded that there is a major factor affecting the quality of service : the service expected and perceived service. If the services are perceived fit with the expected services, the service quality will be perceived good or positive. If the services were perceived to exceed the expected services, the quality of service perceived as ideal quality. Vice versa if the services are perceived worse than the expected services, the service quality perceived negative or bad. Then whether or not the quality of service depends on the ability of service providers to meet customer expectations consistently.

Customer Satisfaction

Customer satisfaction is conceptualized as specific transaction that is based on the customer experience in meeting specific service, and customer satisfaction is an accumulation in the overall evaluation of the service experience (Cronin and Taylor, 1992).

RESEARCH METHODOLOGY

Type of Research

In conducting this research, the researcher is using the descriptive study with a quantitative approach. Descriptive in this study means that the researcher tries to describe and explain about the service quality of Excelso coffee Manado using Importance Performance Analysis (IPA). This study is conducted in Manado and the time of research is for about three months (July until September) 2016.

Population and Sample



The population in this research are the customer of Excelso coffee Manado Town Square. The sample of this research will be 100 customers of Excelso coffee Manado Town Square.

Operational Definition and Measurement Variable

Service quality as a measure of how well a given level of service capable accordance with customer expectations. Based on the above opinion can be concluded that there is a major factor affecting the quality of service : the service expected and perceived service.

Data Analysis Method

- Validity Testing
- Reliability Testing
- Important Performance Analysis



Figure 1. Importance-performance analysis Model.

Figure 1 is IPA has always been considered very simple and intuitive, over the years several different approaches to inferring priorities and measuring importance have emerged in the literature (Bacon, 2003; Fuchs, Weiermair, 2003).

RESULT AND DISCUSSION

Gender

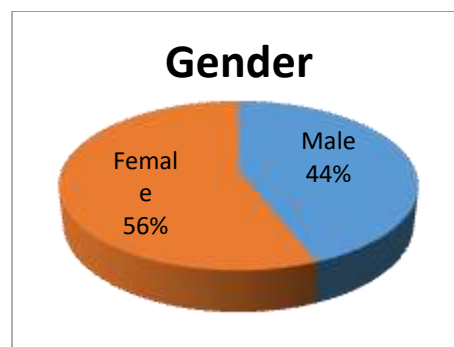


Figure 2. Classification of Respondent Based on Gender



This characteristic of respondents based on gender is shown in Figure 2. As we can see Figure 5.1 shows that 56% of the respondents are female and the rest 44% are male. This classification shows that the numbers of female customers is higher than male, the level of coffee consumption in Excelso are dominated by female population. Based on the classification above, it shows that the percentage of woman is more based on consumer visit experience of excelso cafe. It concludes that females are more to go to excelso rather than males.

Age

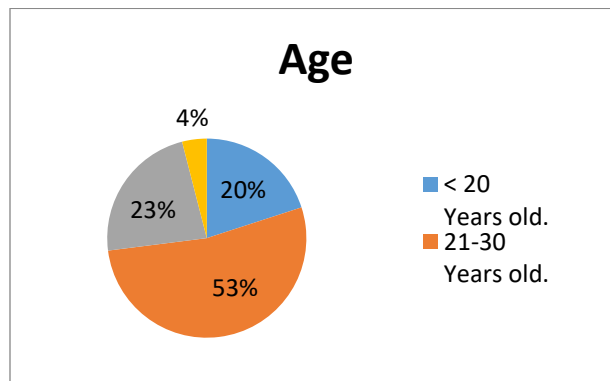


Figure 3. Classification of Respondent Based on Age

Respondents are divided into some Group based on age. They are classified into five classes as shown in Figure 3. The highest percentage of respondents is age group between 21-30 years old with the percentage of 53%, come after that by age between 31-40 years old (23%), also followed by <20 years old (20%) and the last by >40 years old (4%). The highest level of coffee consumption in coffee shop goes to the year 21-30 which means the productive age. in this productive age, most of them decided to spend their time in coffee shop, either just treat themselves and have a cup of coffee or gathering with friends, and the lowest come to >40 years old.

Occupation

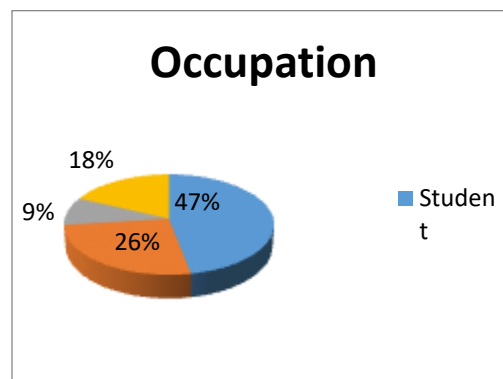


Figure 4. Classification of Respondent Based on Occupation



The characteristic of respondents based on Occupation is shown in Figure 4. This classification is divided into four different job. The highest percentage of respondents from student (47%), followed by private employee (26%) and the lowest percentage from civil servant (9%).

Validity and Reliability Test

By comparing correlation index in Pearson Product Moment with significance level of 5%, it can be seen a research instrument is valid or not. If probability of correlation is less than 0.05 (5%) then the research instrument is stated as valid. Correlation index is greater than 0.3 and below the significance level of 5% therefore, the data is considered as valid. If the data is not valid, researcher have to consider more to the data tabulation and needs to find out what caused the data is not valid, and needs to recover it very soon. The valid data allowed the researcher to continue the research to the next step which are the Importance and Performance method.

Importance Performance Analysis of Service Quality

All company around the world are moving rapidly and concern their service quality into the society, service quality must be an attention and also have to be improved to make sure the society feel satisfied with the service that company has given to them because people nowadays trying to compare one company or business to another and try to find out the best one. Now coffee shops become an attractive place to hangout so coffee shop need to give the best service quality so the customer will feel satisfied. Excelso coffee is one of coffee shop in Manado which able to provide the good service quality.

The result of analysis in this chapter will attempt to answer the problem contained in this research. There are five attributes on measuring the level of importance and performance analysis which are Facilities, Providing Menu, Fast Response, Experience and Hospitality. The result demonstrated the five attributes of Agent Competencies in four quadrants.

Table 1. Service Quality Attribute

Service Quality Attributes	Importance Mean	Performance Mean	Quadrant
Facilities	4,245	3,82	I
Providing Menu	4,083	3,79	III
Fast respons	4,07	3,74	III
Experience	3,96	3,86	IV
Hospitality	4,24	4,016	II
Average	4,119	3,845	

Source: Data Processed, 2016



Table 1 shows that the importance of Facilities had the highest mean which is ($y = 4,245$) come after that Hospitality ($y = 4,24$) followed by Providing Menu ($y = 4,083$) Fast Respons ($y = 4,07$) and the lowest is Expirience ($y = 3,96$). Meanwhile the Hospitality had the highest mean ($x = 4,016$) followed by Experience ($x = 3,86$) Facilities ($x = 3,82$) Providing Menu ($x = 3,79$) and the lowest is Fast Respons ($x = 3,74$). As the Result Facilities had the highest value in Importance and Hospitality in Performance which means Facilities consider the importance toward the consumer and the Hospitality evaluated good from the perception of consumer in Excelso Coffee Manado Town Square.

After getting the point of the quadrant division axis in $\bar{y} = 4,119$ and $x = 3,845$, the next step is to plot the point (x and \bar{y}) of each attributes into cartesians graph as shown in Figure 5

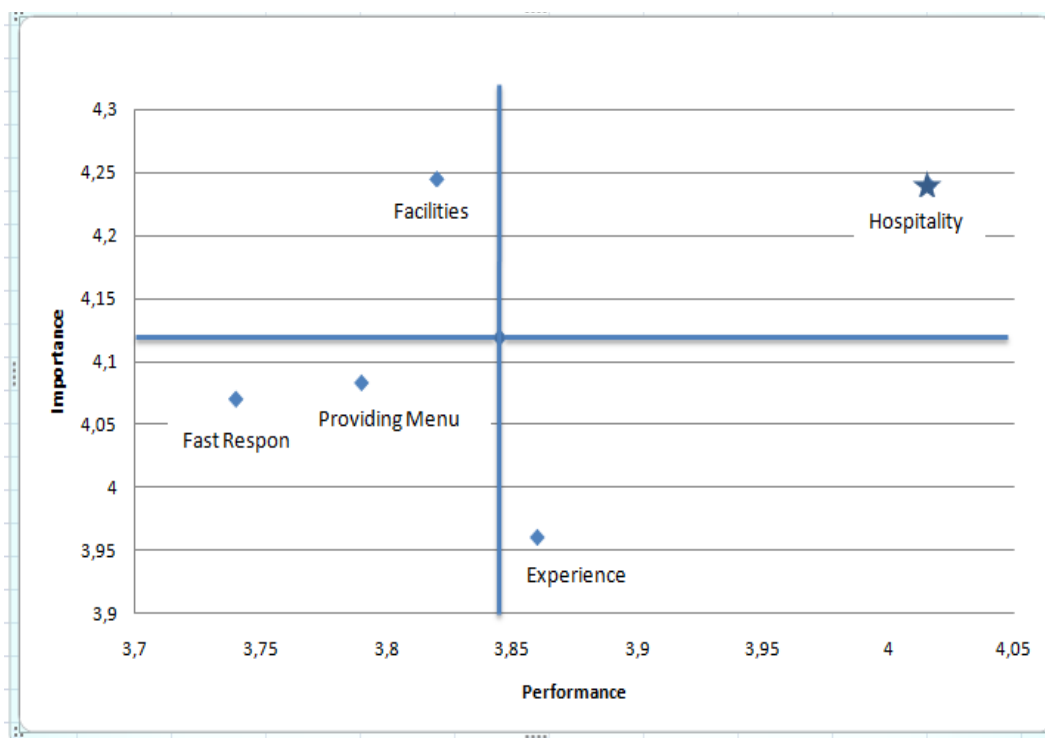


Figure 5. Data Plotting of Service Quality Attributes in Quadrant

Figure 5 shows that Facilities attributes is located in quadrant I (Concentrate Here) it means that Facilities attributes are perceived to be important to consumer in Excelso Coffee Manado Town Square but the performance level are fairly low.

Facilities is very important because it can make the consumer feel comfortable with the service in Excelso Coffee Manado Town Square, facilities also can make a good atmosphere, all the activities inside the Excelso will run smoothly without any complaint. But the performance of facilities in Excelso is fairly



low this means that all the expectations of consumer are not fulfill with what they see and what they feel. All the suggestion that can make improvements should be concentrated here.

Hospitality is located in quadrant II (Keep Up the good Work). Which means that Hospitality are perceived to be very important to consumer, in the other words, Excelso was percieved as satisfactory in the aspect of Assurance and Emphaty. As we know that Hospitality is an important issues in the service implementation in every business, a good and satisfied hospitality will lead a consumer become a customer and it will lead also to customer loyalty, the process of delivery service in Excelso will run smoothly and nicely. So the message here is to keep up the good work.

The first attribute that located in quadrant III (Low Priority) is Providing Menu. It is assessed as low priority which means the attribute is not really important for the consumer and at the same time also has the low performance level, this happen because the Menu is not available or out of stock that is why they has a low performance level.

The second attributte that located in quadrant III is Fast Respons, this attribute is assessed as a low priority, as we know fast response play an important role in service quality, people would not wait too long for just a cup of coffee even they have many time to spend in Excelso. It could happen because the waiter and waitress just sit and wasting the time so they are not work as fast as they can.

The last is Experience that belongs to quadrant IV (Possible Overkill) this contains attributes of low importance, but where performance is relatively high. The importance low because consumer think that the experience is not really matter, the matter is the taste of food and coffee and it would make the consumer come back to Excelso and they Enjoy the Coffee and the food.

Discussion

This research attempt to answer the problem statements as has been expounded earlier in this thesis, and again will be mention as follow:

- 1 What is the importance of Service Quality in Excelso Manado Town Square using Importance Performance Analysis?
- 2 What is the performance of Service Quality in Excelso Manado Town Square using Importance Performance Analysis?

This research has identified five attributes of Agent Competencies, namely: Facilities, Providing Menu, Fast Respons, Experience and Hospitality. Researcher has considered all variables/factors which are theories, books, journal and some other supporting sources in constructing whole research. Questionnaire is used to collect data and Likert scale is used to score data. The data then tabulated and analyzed with



Importance and Performance Analysis Method. This method is useful to see the importance and performance of Service Quality in Excelso Coffee Manado Town Square, all attribute contribution to answer the research questions: What is the importance and performance of Service Quality in Excelso Coffee Manado Town Square?

Therefore the result shows that among all attribute Hospitality is very important to consumer compare to others indicators. Then followed by Facilities which is relatively important to consumer, afterwards Providing Menu and Fast Respons and the last one Experience has the low level of important in customers mind based on the data plotting. While in terms of performance, Hospitality has a high level of performance compared to the other attributes. Then followed by Facilities in the second place for the level of performance, afterwards Providing Menu and Fast Respons and the last is Experience based on Excelso Manado Town Square consumer.

Based on all the data recapitulation which are gathered by questionnaires, Hospitality has the highest Rank in terms of Importance and Performance, scored by consumer of Excelso Coffee Manado Town Square. It is a sign that this attribute has affected most of the customers in a good way and they are satisfied with this attributes means that the service quality was going well. This attribute is perceived to be very important to customers compared with other attributes and at the same time Excelso could manage the performance level so it means the consumer feel satisfied and all the expectation were worth with reality. After Hospitality, Facilities is considered relatively high in Importance level but the performance level is low in customer's mind according to the data plotting. It means customers expect more from this attributes while the outcome of Excelso Coffee Manado Town Square's performance is not as expected by the customers. Excelso should consider to this attribute, evaluate what it is need in order to increase the performance and to make consumer satisfied.

Followed by Providing Menu and Fast Respons these two attributes have a low level of important to the consumer and at the same time also have a low level of performance. The worker do not need to prioritize or give too much attention to this attribute since this attributes is not really important to the customers but still need an attention, and also did not have much effect towards customer's satisfaction. And the last one is Experience, this attribute has a low importance, but where performance is relatively high. In this case the service quality that Excelso give to the customers was good. This attribute is not really important to the customers but they keep doing the best that is why the Experience has a high performance.

This information is obtained based on the data recapitulation gathered from questionnaires which are distributed to 100 customers of Excelso Coffee Manado Town Square. In conclusion, Excelso Coffee



Manado Town Square should pay more attention on the Service quality attributes. They should consider which attribute/s need to be develop or which attribute/s need to keep the performance to the customers so the customers will satisfied with the service. The reason why the researcher putting so much attention on the competencies of service quality in Coffee Shop is because now days there are so many competitors that still come up everyday with new innovation and offer a better service also a fancy interior design as well, as we know that service quality of business has become the benchmark to against one another. Unfortunately the reality that happen is many local coffee shops do not survive because the service that they over to customers was bad and that also can be caused by the employees.

Facilities, Providing Menu, Fast Respons, Experience, and Hospitality are whole packages of competencies that are considered as the most important attributes that influencing the satisfaction of the customers and the service quality of Excelso Coffee Manado Town Square. Based on the previous research, the researcher decided to concern into these five attributes because it contains crucial part that often becomes the action that customer's expected from the service quality in Excelso Coffee Manado Town Square. Facilities is one of the key for successes and satisfying the customers also show the customers that they offer a good service quality. Providing Menu also important because if they did not provide a good quality of menu the customers will not feel satiesfied and go to another coffee shop. Fast Response is the key to make customers feel happy, because they would not wait too long for just a cup of coffee. Experience become a point also to make customers believe that they has a lot of good experience of handling the service quality, handling food and baverage especially coffee. And the last one Hospitality. Hospitality has the big power to win customers heart, it has the key to make a good service quality, customers actually set a high expectation in this attribute. These five attributes are the key of the success of service quality in Excelso Coffee Manado Town Square.

Since these five indicators are considered to be very important to Excelso Coffee Manado Town Square to meet the good service quality, Excelso are now concerned to identify what is needed to make a change in order to make a progress in developing of the action in these attributes to make better result in service quality performance in order to meet the customer's satisfaction.

By letting the performance of service quality without concerning about what is importance to the customers and what is the performance of Excelso, Excelso will sooner or later lose their customers slow but sure because of the unsatisfied customers to the service quality that Excelso offer to them. Excelso now is going to be bigger and bigger as we know thay already has 126 stores around Indonesia, and 2 stores in Manado. The researcher concerns about the service quality and determine what is the importance and the performance of the service quality that hopefully will help the company in progressing their performance. The result of this research is shown that all these five attributes are important to meet the



customers satisfactions but some of them are needed to develop as fast as they can , some also need to be concerned because the attention given is not good enough.

CONCLUSIONS AND RECOMMENDATION

This research identified five elements of service quality attributes which are; Facilities, Providing Menu, Fast Respons, Experience, and Hospitality. The Importance Performance Analysis is used to compare them according to customers perspective towards their level of importance and performance.

The conclusion from this research are as follows:

1. Facilities is very important and has low performance for customers in Excelso coffee Manado Town Square. Facilities is importance to make customer comfortable when they come and enjoy the coffee in Excelso but what they see that the performance of facilities is low, some of the facilities not work well such as wifi and it makes the customers are not satisfied.
2. Providing Menu has a low importance and low performance which means the attribute is not really important for the customers and at the same time also has the low performance level.
3. Fast Response are assessed as a low priority, as we know fast response play an important role in service quality but the customer of Excelso see that Fast respons is not really matter that is why the importance and performance are low.
4. Experience has low importance, but where performance is relatively high. The importance low because consumers think that experience is not really matter but Excelso do it well.
5. Hospitality plays important role in service quality, hospitality also has an important issue in every business, here hospitality has a high importance also high performace. Which means that Hospitality is perceived to be very important to customers and the implementation was good and make customers feel satisfied with the service in Excelso Manado Town Square.

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