Strategy formulation for increasing customer satisfaction based on service quality gap: a case study of branding coffee shop in Yogyakarta

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Abstract. The research on the quality of service on the coffee shop is currently interesting to be researched to measure the expectations and perceptions of consumers coffee shop, as well as gap between the two in the dimensions of quality services. This can be a standard of service quality that can be felt directly by consumers in each class compared to competitors, so that consumers are loyal and provide recommendations to the environment and its social classes. This research is quantitative research, with a questionnaire measuring instrument, with gap analysis and important performance index for formulating the strategy. This research was done by using Questioner to get primary data. This primary data was collected through 100 respondents. The purpose of this paper is (1) identifying customer service based on Serv-qual technique, (2) analyzing the gap between quality service expectations and perception, (3) strategy formulation for increasing customer satisfaction.

Keywords: service quality, customer satisfaction, strategy, coffee shop, branding

1. Introduction
The growth was responded by both businesspeople by starting a coffee shop business with various concepts. Businesspeople also devise their future coffee shop Strategies by conducting a wide range of market research to make the coffee shop that they established attractive and able to fulfill the expectations of consumers who visit. One of the factors that can affect customer satisfaction is the quality of service offered by the coffee shop. Therefore, businesspeople are required to meet the expectations of consumers by providing good service and acceptable to consumers, so that the coffee shop pioneered can survive amid intense competition.

Businesspeople must be smart and careful to choose a strategy to get loyal customers, especially in Yogyakarta. Currently, the number of coffee shop in Yogyakarta has reached more than 1200 coffee shop with various concepts. The coffee shop has each characteristic of placing a loyal target market share and can increase business value in terms of consumer satisfaction in meeting customer expectations and perception values. The Coffee shop is divided into two levels based on its level,
such as branding and non-branding coffee shop.

In line with its growth, the competition between the shops is inevitable. Some shops start to close because they are unable to compete for consumers. Customer satisfaction is always maintained so that coffee shops are not abandoned. It is needed an understanding of the customer itself. So far, the branding coffee shop is a psychographic segmentation, focusing more on the community with upscale social classes that have a glamour lifestyle, which in his personality likes something different. Selected locations are shopping malls, housing complexes, offices, and rest areas. Customer satisfaction done by paying attention to quality service that includes tangible, assurance, empathy, reliability and responsiveness. In line with the unique segment for this branding coffee shop, how to balance the satisfaction variables in practice. Moreover Seth (2015) concluded the service quality outcome and measurement is dependent on type of service setting, situation, time, need etc factors. In addition to this even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of encounters with a particular service, competitive environment [1].

The purpose of this paper is (1) identifying customer service based on Serv-qual technique, (2) analyzing the gap between quality service expectations and perception, (3) strategy formulation for increasing customer satisfaction.

2. Methods

This research is quantitative research, with a questionnaire measuring instrument, with gap analysis and important performance index for formulating the strategy. This research was done by using Questioner to get primary data. This primary data was collected through 100 respondents.

3. Results and Discussion

3.1 Validity and Reliability tests

From 65 item questionnaire against 100 respondents all items are worth R count > 0.1966 so that the questionnaire can be deduced all items are declared valid. Reliability test was done through Cronbach Alpha test which 0.975 means the result of the reliability test is 0.975 > 0.6 so that the questionnaire is considered reliable.

3.2 Respondent Description

| Atribut          | Classification          | Number | Percentage (%) |
|------------------|-------------------------|--------|----------------|
| Sex              | Male                    | 45     | 45             |
|                  | Female                  | 55     | 55             |
|                  | 18-25                   | 90     | 90             |
|                  | 26-35                   | 7      | 7              |
|                  | 36-44                   | 0      | 0              |
|                  | >45                     | 3      | 3              |
|                  | Kab. Bantul             | 5      | 5              |
|                  | Kab. Sleman             | 45     | 45             |
|                  | Kab. Gunung Kidul       | 1      | 1              |
|                  | Kota Yogyakarta         | 38     | 38             |
|                  | Others                  | 11     | 11             |
|                  | Student                 | 76     | 76             |
| Place of customer| Government Officers/ Army| 5   | 5              |
|                  | Housewife               | 3      | 3              |
|                  | Private employees       | 8      | 8              |
Entrepreneur 7 7
Other: freelancer 1 1
Once / month 18 18
2-3 / month 43 43
Once / week 19 19
2-3 / week 13 13
> 3 / week 7 7
< Rp 1.000.000 26 26
Rp 1.000.000–Rp 2.000.000 42 42
Rp 2.000.000–Rp 3.000.000 18 18
> Rp 3.000.000 14 14

Source: Primary data, 2020

3.3 Gap Analysis
Assessment of the quality of service is intended to determine the priority of improvement to be achieved so that the quality of service is improved as expected. The assessment is based on expectations and preconception values. Every attribute item of each dimension has different gaps. If positive value then means the consumer expectations are reached or consumers feel satisfied, if the negative value then means expectations of consumers have not met or consumers do not feel satisfied.

Table 2. Tangible Variable Gap

| Indicator                        | Expectation | Perception | Gap  |
|----------------------------------|-------------|------------|------|
| Location is in strategic place   | 4.32        | 4.51       | 0.19 |
| Building is good and well design | 4.46        | 4.61       | 0.15 |
| Modern facilities                | 3.3         | 4.6        | 1.3  |
| Comfortable rooms                | 4.62        | 4.57       | -0.05|
| Good human resource performance  | 4.32        | 4.56       | 0.24 |
| Professional human resource      | 4.52        | 4.53       | 0.01 |
| average                          | 4.26        | 4.56       | 0.31 |

Based on the results of the questionnaire on the expectations and perception of visitors, there is known positive gap in variables tangible. This is seen from the results of the statement in the questionnaire that shows the positive gap, where the quiet value is greater than the expectation value, also seen from the average total gap on the variable tangible, where the average gap value is positive is 0.31. Based on that data, it can be known that the biggest positive gap is on the employee attribute that is neatly dressed and polite with a gap of 0.24 which means consumers are satisfied, while the only attribute that is worth a negative gap is the comfortable room attribute with a gap of -0.05

Table 3. Reliability Variable gap

| Indicator                                | Expectation | Perception | Gap   |
|------------------------------------------|-------------|------------|-------|
| On time service                          | 4.55        | 4.53       | -0.02 |
| has the service according to the promised | 4.62        | 4.54       | -0.08 |
| has the service according to the needs   | 4.45        | 4.49       | 0.04  |
| has the right service system             | 4.57        | 4.49       | -0.08 |
provides services according to the procedure thorough in handling its service

| Indicator                                              | Expectation | Perception | Gap   |
|--------------------------------------------------------|-------------|------------|-------|
| willing to answer your questions                       | 4.54        | 4.33       | -0.11 |
| gives you the information you need                     | 4.49        | 4.4        | -0.09 |
| has an employee who is always patient and attention to customers | 4.54        | 4.49       | -0.05 |
| response in handling complaints                        | 4.63        | 4.42       | -0.21 |
| Fast in responding to customer wishes                  | 4.54        | 4.48       | -0.06 |
| quick in handling the transaction process              | 4.47        | 4.5        | 0.03  |

*Average* 4.54 4.45 -0.08

The gap calculation result for the responsiveness variable indicates a negative average gap of -0.08. According to table data 4.15, it can be noted that the only positive gap is on the attribute speed in handling the transaction process with a gap of 0.03, while the attribute with the largest negative gap is the responsiveness attribute in handling the complaint with the gap of -0.21 which means that consumers are not satisfied with the performance of the attribute.

| Indicator                                              | Expectation | Perception | Gap   |
|--------------------------------------------------------|-------------|------------|-------|
| has a good reputation                                  | 4.38        | 4.56       | 0.18  |
| can guarantee the quality and safety of products       | 4.68        | 4.61       | -0.07 |
| has an employee who can provide information to customers| 4.44        | 4.39       | -0.05 |
| has an employee who has the knowledge to carry out its job well | 4.51        | 4.47       | -0.04 |
| has a friendly staff in providing services              | 4.64        | 4.54       | -0.1  |
| has a well-behaved employee                            | 4.62        | 4.55       | -0.07 |

*Average* 4.55 4.52 -0.03

The gap calculation result for the assurance variable shows a negative average gap of -0.03. Based on table 4.16 data, it can be noted that the only positive gap is on a good reputation attribute with a gap of 0.18, while the attribute with the largest negative gap is the friendly employee attribute in providing services with a 0.1 gap which means consumers are not satisfied with the performance of the attribute.
Table 6. Empathy Variable gap

| Indicator                                           | Expectation | Perception | Gap   |
|-----------------------------------------------------|-------------|------------|-------|
| provides easy transaction (cash and non-cash)       | 4.49        | 4.61       | 0.12  |
| easy to contact (provides contact number to be contacted) | 4.12        | 4.21       | 0.09  |
| easy to talk to when problems occur                 | 4.4         | 4.21       | -0.19 |
| has efficient communication                         | 4.45        | 4.28       | -0.17 |
| has an employee who knows the kind of service you want | 4.39        | 4.41       | 0.02  |
| provides services regardless of social status       | 4.75        | 4.47       | -0.28 |
| Average                                             | 4.43        | 4.37       | -0.07 |

The gap calculation result for the empathy variable shows a negative average gap of -0.07. According to table data 4.17, it can be known that the biggest positive gap is on the attribute of convenience in conducting transactions with a gap of 0.12, while the attributes with the largest negative gap that the attribute provides service regardless of social status with a gap of -0.28 which means that consumers are not satisfied with performance on the attribute.

3.4 Strategy Formulation

Figure 1. Importance Performance Analysis Matrix

Figure 1 makes it easy for management to do attribute improvement priorities that are considered important and high expectations by consumers. The fixing of these attributes depends on the position of each – the variables in the four quadrants. Moreover, Supranata (2013) concluded that, the basic strategy is to meet the standards that should be fulfilled. Once the standard had been fulfilled successfully, and then the restaurant of this research should have improved the standards if the research is related and necessary [2].

Muslim et al (2011) argues that there are factors that affect business success, namely confidence and honesty, relationship with customers, competitive price, quality, toughness of business, product knowledge, and manpower skills [3]. The factors that influence the franchise business success
according to Gikonjo et al (2015) are brand strength (Brande), competitive environment, government policy, proximity management, cultural presence, selection of franchisees, choice of location, good relations with franchisees, and appropriate management contract [4]. Tran further (2015) explains that the restaurant's success factor is quality of food products, production processes and quality control, customer relationships, customer knowledge, and Market mastery [5].

Strategy formulation is done based on the Quadrant I and Quadrant II as follows:

1. Quadrant I (Top priority)
   The attributes within this quadrant must be prioritized and improved, so performance increases and becomes even better, as these attributes have a high value of importance for consumers, but their performance is still unsatisfactory. The attributes included in the first quadrant are:
   1.1. Thorough in handling his ministry (attribute No. 12)
       Accuracy in providing services is important to the consumer, but in some time the confusion still occurs frequently. The thoroughness of service is indispensable, from barista to management level.
   1.2. Willing to answer questions (attribute No. 13)
       The willingness to answer questions is important for consumers, but in its performance is still lacking. Every employee needs to be more equipped in the face of questions that will arise from consumers because it is important and highly expected by the consumer to be done properly and appropriately.
   1.3. Provide the required information (attribute No. 14)
       It is rated less satisfactory in terms of providing the information needed. It needs to be more initiatives in providing information to consumers as complete and clear as possible so that consumers are more satisfied and prevent the occurrence of misunderstanding. For example, in providing information regarding ongoing promo conditions, or additional pricing information.
   1.4. Response to complaints (attribute No. 16)
       Needs to be a response to the complaints. Internal procedures in handling complaints from consumers need to be more defined and done firmly, wisely, and still prioritize responsibilities. Customers sometimes get less professional response when complaining about complaints, such as complaints against standard products.
   1.5. Fast in responding to customer wishes (attribute No. 17)
       Speed in responding to customers' wishes is very important for consumers, but it is considered still not achieving consumer expectations in that regard. It needs to be faster and efficient in responding to customers' wishes.
   1.6. Having employees who have the knowledge to perform their job well (attribute No. 22)
       It needs to equip employees with greater maximum because of the high expectation of consumers to serve the customers well.
   1.7. Providing service regardless of social status (attribute No. 30)
       The providing services regardless of the social status is still not satisfactory because it is considered very important for consumers.

2. Quadrant II (Preserve achievement)
   Quadrant II is an area for attributes that are considered important by consumers and making consumers feel satisfied. The attributes-on this Quadrant are an achievement for business, therefore it must enhance performance against this attribute. The attributes included in the second quadrant are:
   2.1. Has a comfortable space (attribute No. 4)
       The comfort of a coffee shop has a high level of importance for consumers because the comfort of the room has a positive influence on the mood and improve performance. In this case, it has provided a comfortable room and has fulfilled the expectations of consumers, so this aspect needs to be maintained.
   2.2. Having a professional employee (attribute No. 6)
Professional officers are attributes that are considered important to consumers. This attribute on Starbucks Coffee is also assessed positive means consumers are quite satisfied.

2.3. Timely service (attribute No. 7)
It has fulfilled the expectations of consumers in delivering timely service. It is considered important for consumers and it has done well, where the waiting time is deemed appropriate by the consumer.

2.4. Service as promised (attribute No. 8)
It is as a market leader Coffee shop in Indonesia is expected by consumers can provide a promising service, and it has been fulfilled. It is aligned with the high level of consumer importance to the service in accordance with the promised so that it needs to be maintained.

2.5. Precise service System (attribute No. 10)
It has set the right service system, according to the target market. It is supported by the high expectation of consumers to the accuracy of the service system in accordance with the fact, so consumers feel satisfied.

2.6. Service in accordance with the procedure (attribute No. 11)
Service in accordance with the procedure is considered important by the consumer, and the performance. In this case assessed already good and meet the expectations of consumers. Therefore, the service in accordance with this procedure should be maintained.

2.7. Showing patience and attention to customers (attribute No. 15)
Employees have been able to demonstrate patience and attention to the customer as expected. Patience and attention from employees give a positive impression to the consumer, so it becomes an important aspect.

2.8. Quick handling of Transaction process (attribute No. 18)
Speed in handling the transaction process is related to the thoroughness and agility of the clerk in the cashier. Consumers think this attribute is important, and employee performance is good at handling the transaction process. Performance on this attribute should be maintained for consumer convenience in transaction.

2.9. Can guarantee product quality and safety (attribute No. 20)
Product quality and safety have a high level of importance for consumers. Consumers also believe that it can guarantee the quality and safety of its products, so that the performance on this attribute should be maintained.

2.10. Having a friendly employee in providing services (attribute No. 23)
Consumers consider the hospitality of employees in providing services to have a high level of importance. This attribute also gets a high rating from consumers, which means that consumers’ expectations of this attribute are met. Therefore, it needs to maintain its performance on this attribute.

2.11. Having a well-behaved employee (attribute No. 24)
Employees who behave well are considered important by consumers, and the performance. In this case is assessed as good and meet consumer expectations. Therefore, performance on this attribute needs to be retained.

2.12. Provide convenience in conducting transactions, both cash and non-cash (attribute No. 25)
It is assessed to be able to provide convenience for consumers, namely through the ease of transacting. These attributes are also considered important to consumers, including by providing alternative ways of dealing, so performance on these attributes should be retained.

4. Conclusion
Based on 5 serv-qual variables indicate that the tangible variable has fulfilled consumer expectations, while 4 non-tangible variables still need attention. The customer satisfaction improvement strategy is formulated based on the results of IPA analysis namely First Quadrant (top priority), and Second Quadrant (Preserve achievement).
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