Marketing performance of Kopi Solok Radjo in industrial revolution 4.0 [a case study of Solok Radjo cooperative in Solok District]

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Abstract. The concept of marketing is currently experiencing development along with the advancement of society and technology. A company needs to be transformed into an intelligent organization to achieve the best business results. Nowadays we enter the digital transformation of the industry which is called Industry 4.0. In terms of marketing, recently digital technology plays a significant role in expanding the market and increasing the company sale. A company can advertise and sell their product using various internet platforms such as social media, websites, blogs, and online market application that can reach consumers all over the world. This research aimed to describe the performance of the marketing mix of Kopi Solok Radjo from the consumers' point of view and to analyze the effect of the marketing mix on the consumers' decision to purchase. The study finds that the performance of Kopi Solok Radjo's marketing mix is good, where a score of all variables is in the category of high. Moreover, this study used multiple regression analysis to assess the effect of the marketing mix on consumers' decision to purchase. The research finds that all variables simultaneously affect the consumers' decision to purchase. However, a partially only variable of promotion affects the purchasing decision. Solok Radjo Cooperative has employed digital promotion to reach the wider market. The digital marketing and promotion employed by the cooperative are the website, social media application [Instagram, Twitter and Facebook], and online marketing applications [Tokopedia and Shopee]. Ever since the cooperative used online promotion, the market has reached international markets such as Singapore, Australia, and the USA.

1. Background
In West Sumatera, 17 regions cultivate Arabica coffee extensively covering Agam, Dhamasraya, Limapuluh Kota, Padang Pariaman, Pasaman, Pasaman Barat, Pesisir Selatan, Sijunjung, Solok, Solok Selatan, Tanah Datar, Bukittinggi, Padang, and Payakumbuh. The district of Solok is the region with the highest Arabica coffee production in West Sumatera, and has many farmers who depend on Arabica coffee farming for their livelihood [1].

Arabica coffee from Solok is famous for its distinctive and unique taste. This Arabica coffee has certified as specialty coffee which means the taste of Arabica coffee from the district of Solok could not be found in another Arabica coffee from other regions. This Arabica coffee has the aroma of strong spices. Additionally, this coffee also has the character of citrus and chocolate taste that makes this coffee is very tasteful. There is one cooperative in the district of Solok that seriously process the Arabica coffee namely Solok Radjo Cooperative. The produced processed Arabica coffee is branded with the trademark of Kopi Solok Radjo [7].

Solok Radjo Cooperative markets its products both offline and online. The offline marketing is done through coffee shops through a partnership with the cooperative, such as Dua Pintu Coffee and
Lush Coffee in Kota Padang. Meanwhile, online marketing is done through digital media such as internet websites, social media applications, and online marketing applications.

Recently, the utilization of the internet as a medium of marketing for either business-to-business or business-to-customer has emerged as an important instrument to increase sales. Many companies decided to implement digital marketing models in marketing their products due to their convenience, efficiency, and ability to reach a wider market. Companies can market their products through various digital marketing platforms such as social media applications, websites, blogs, and online marketing applications [6].

Solok Radjo Cooperative applies digital marketing not only in the form of websites but also in online applications. The cooperative usually use online marketing for sales outside of West Sumatera. This illustration describes that nowadays the marketing of coffee does not only rely on the real market [offline market] but also digital technology platforms. Another important aspect of the need to be considered by producers to increase their sales is the mixed marketing of their product [4]. This paper discusses the mixed marketing applied by Kopi Solok Radjo and how this cooperative employs digital marketing to extend the market in the era of the industrial revolution 4.0.

2. Materials and Methods
This research was conducted in sub-districts of Lembah Gumanti in the district of Solok. The method used in this research was survey method and the data were gathered from 30 consumers of Kopi Solok Radjo who visited 4 coffee shops that providing Kopi Solok Radjo. In general, the method used in this study was a combination of qualitative and quantitative methods. The qualitative research method was used to assess the performance of the marketing mix of Kopi Solok Radjo from the consumers’ point of view. Furthermore, to analyze factors affecting consumers’ decision to purchase, the data were analyzed quantitatively using multiple regression analysis. The variables used in regression analysis are products, price, place, and promotion.

3. Result and Discussion

3.1. The assessment of the marketing mix
The marketing mix is a set of marketing tools that are used continuously by companies to achieve the target market. There are four elements in the marketing mix for goods, namely product, price, place, and promotion [3]. This paper assesses the performances of each element of Kopi Solok Radjo’s marketing mix. This assessment used a Likert scale by determined the interval with the following formula:

\[
\text{The interval} = \frac{\text{The highest score} - \text{The lowest score}}{\text{The number of category}}
\]

\[
= \frac{5 - 1}{3} = 1.33
\]

Based on the calculation, the category can be set as follows;

- 0 – 1.33 = Low
- 1.34 – 2.67 = middle
- 2.68 – 4.01 = high

The assessment of the marketing mix was based on 30 consumers of Kopi Solok Radjo who consume the coffee in 4 coffee shops collaborating with SolokRadjo cooperative namely: Dapua Coffee, Dua Pintu Coffee, Kubik Coffee dan Rimbun Espresso & Brew Bar. Based on the assessment, the performance of the marketing mix of Kopi Solok Radjo is good and consumers are satisfied with it. This can be seen from a score of all elements of the marketing mix of Kopi Solok Radjo that are in the category of high.
Table 1. The consumers’ assessment of the marketing mix

| No | Marketing mix | Score | Category |
|----|---------------|-------|----------|
| 1  | Product       | 3.97  | High     |
| 2  | Price         | 3.91  | High     |
| 3  | Place         | 3.88  | High     |
| 4  | Promotion     | 3.80  | High     |

3.1.1. **Product**

There are 6 indicators assessed regarding the product including market brand, packaging, product variation, taste, product insurance, and accessibility to the product. In general, the study finds that the consumers’ assessment toward Kopi Solok Radjo regarding its product is high with a total score of 3.38. The consumers gave the highest score for the taste with a score of 4.07. The consumers agreed that Kopi Solok Radjo has a good aroma and taste.

3.1.2. **Price**

The study used 5 indicators to assess the element of the price which are an affordable price, the compatibility of price with the quality, the variation of price, the fair price in the online market and there is no price difference in both online and offline markets. The study finds that the element of price in the category of high with a score of 3.91. From the viewpoint of consumers, the price of Kopi Solok Radjo is affordable and it is comparable with the quality. The cooperative provides the coffee with the various price depend on the weight of the package. Moreover, the cooperative also gives the fair and same price in the online and offline market.

3.1.3. **Place**

The indicators used to assess the element of place are accessibility, convenience, and the number of distribution. Generally, the consumers’ assessment toward Kopi Solok Radjo regarding its place is high with a total score of 3.88. The consumers gave the highest score for the convenience with a score of 3.97. The consumers agreed that the place of Kopi Solok Radjo can be accessed easily and also comfortable.

3.1.4. **Promotion**

The study used 4 indicators to assess the element of the price which are using attracted promotion medium, providing a discount, using digital technology in promoting the product and using direct marketing. The study finds that the performance of promotion was in the category of high with a score of 3.80. The consumers agreed that Solok Radjo cooperative has practiced the promotion well by providing discounts and employs direct and digital promotion. The digital promotions used by Solok Radjo Cooperative are Social media [Instagram, Twitter, and Facebook], website [https://www.solokradjoproject.com] and online marketing applications [Tokopedia and Shopee]. Additionally, the cooperative also actively attends many events and expositions to reach a wider market and increase sales.

3.2. **The effect of the marketing mix on purchasing decision**

This study used multiple regression analysis to assess the effect of the marketing mix on the consumers’ decision to purchase Kopi Solok Radjo. The dependent variable \( Y \) for this study is the decision to purchase. Meanwhile, independent variables for the regression model are price \( X_1 \), price \( X_2 \), place \( X_3 \), and promotion \( X_4 \). The regression equation of the analysis is as follows:

\[
Y = 1.758 - 0.223X_1 + 0.360X_2 - 0.187X_3 + 0.643X_4
\]
From the equation above can be seen that price and promotion positively affecting the consumers' decision to buy Kopi Solok Radjo. The value shows that the increase of the performance of the element of price and promotion by 1% will lead to an increase in the consumer's decision to purchase Kopi Solok Radjo by the coefficient of each variable in the equation. Meanwhile, the variables of product and place have a negative sign. This indicates that the improvement of the performance of each variable by 1% will reduce the consumers' decision to purchase by the coefficient of each variable.

The coefficient of determination \( R^2 \) indicates how good the model can explain the outcome. The coefficient of determination obtained from the model is 0.48. This value indicates that only 48% of the consumers' decision to purchase can be explained by all variables used in the model, while another 52% would be explained by other variables that are not included in the model.

Additionally, a statistical test that can be used to identify factors significantly affecting the consumers' decision to purchase is \( F \) test and \( t \) test. The result of \( F \) test can be seen in Table 2 below:

| Model    | \( Df \) | \( F \)  | \( Sig \) |
|----------|---------|---------|---------|
| Regression | 4       | 5.987   | 0.002b  |
| Residual  | 25      |         |         |
| Total     | 29      |         |         |

The study finds that the \( F \) test of the model is 5.987 which is bigger than \( F_{table} \) [2.18424], and statistical significance is less than 0.05. This value indicates that all variables in the model simultaneously effect the consumers' decision to purchase Kopi Solok Radjo.

Moreover, \( t \) test was used to identify the effect of independent variables partially on consumers' decisions to purchase. The test shows that partially only variable promotion had a significant effect on consumers' decision to purchase Kopi Solok Radjo at a significance level of 0.05. The result of \( t \) test can be seen in Table 3 below:

| Variables | \( t \) test | \( Sig \) |
|-----------|-------------|---------|
| Product \([X_1]\) | -0.657      | 0.517   |
| Price \([X_2]\)   | 0.644       | 0.526   |
| Place \([X_3]\)   | -0.84       | 0.409   |
| Promotion \([X_4]\) | 2.597     | 0.019   |

In terms of promotion, Kopi Solok Radjo applies not only in offline promotion but also in online promotion. Solok Radjo Cooperative has employed digital promotion to reach the wider market. The digital marketing and promotion employed by the cooperative are the website, social media application [Instagram, Twitter and Facebook], and online marketing applications [Tokopedia and Shopee]. Kopi Solok Radjo marketed its product not only in their region but have already reached other regions such as Pekan Baru [Riau provinces] and other provinces in Java islands and even international markets such as Singapore, Australia, and the USA.

Promotion is a marketing communication used to inform or persuade targeted consumers of the relative merits of a product, service, brand, or issue. The promotion aims to increase awareness, create interest, generate sales or create brand loyalty. The promotion is one of the basic elements of the mix marketing that plays a crucial part in the success of a business [4]
Nowadays, digital media is the most effective way for products to reach their consumers. Thus, it is a brilliant strategy for producers to use digital media as a promotion tool. One of the digital media that can be used as a marketing tool is social media. Recently there are about 67% of all internet users globally use social media in their daily life as a communication platform [2]. Social media offers opportunities for products to reach larger and broader consumers. Kopi Solok Radjo has applied digital media and recently it has reached an international market such as Singapore, Australia, and the USA.

4. Conclusion
The paper assessed the performance of the mix marketing of Kopi Solok Radjo from the consumers. The assessment was based on 30 consumers of Kopi Solok Radjo who consume the coffee in 4 coffee shops that have a partnership with SolokRadjo cooperative namely: Dapua Coffee, Dua Pintu Coffee, Kubik Coffee, and Rimbun Espresso & Brew Bar. Based on the assessment, the consumers are satisfied with the performance of the marketing mix. This can be seen that all elements of the marketing mix of Kopi Solok Radjo are in the high category.

Moreover, this study used multiple regression analysis to assess the effect of the marketing mix on consumers' decision to purchase Kopi Solok Radjo. The research finds that all variables simultaneously affect the consumers' decision to purchase. However, partially only the variable of promotion affects the purchasing decision.

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