

## CHAPTER 1

### INTRODUCTION

#### 1.1 Research Background

The last few years, coffee become a trend in worldwide and drinking coffee has become a lifestyle. A study showed that drinking coffee regularly could improve life expectancy. The findings of this study may have led to a boost in coffee drinkers. The National Coffee Association (NCA) discovered the percentage of daily coffee drinkers increased from 57% to 62% in the course of the year.

With an increase in coffee drinkers out there, it is not surprising that coffee is becoming more popular. People loved to go to coffee shop often to get the experience to accompany their purchase, work, study, or just meet people. Coffee shop itself is considered to have its own atmosphere that is able to make people feel comfortable. In fact, many people visit the coffee shop to complete work or study, because coffee shop are considered capable of increasing productivity. People have an unlimited access to caffeine that can stimulates productivity, increase mood and creativity, and helps to make people stay more alert. The environment's conversation is easier to tune out, and people have more control over distractions here: a bare wearing of earphones will signal about the unwillingness to talk, concentration on work, and no time for questions of any type.

This situation makes coffee shop become so popular, a lot of people interested in intervening to get into this business and build a coffee shop.

Indonesia is one of the country that feels this situation. The existence of coffee shop is increasing in many places, not only in the city but also in the rural area.

According to the Chairman Speciality Coffee Association of Indonesia, Syafrudin, the growth of coffee industry in Indonesia is increasing sharply. It is increased 15% - 20% in the end of 2019, compared to last year is only increase 8% - 10%.

Yogyakarta is one of the cities that feels this situation. Yogyakarta is one of the centres of education and a tourist destination that is in demand by tourist. According to the data from Bappeda DIY, there are approximately 252 registered universities. Because there are many universities here, there are also many students from various regions who decide to get their education here. Lecture activities that are packed with assignments make students need a safe and comfortable place, so they usually spend time in libraries, campuses, and even coffee shops. According to Moldaver (2014), everyday more and more coffee shops are opened around the worlds. Moldaver (2014) says that a coffee shop is the perfect place to socialize, explore new flavours, and absorbs a unique atmosphere. In Yogyakarta, coffee shops are one of the favourite places that students are interested in as a place to do assignments or hangout. Not only that, coffee shop are also used as a gathering place for communities, work, and also tourist destinations.

The growth of coffee shop industry in Yogyakarta become increasing sharply as seen as by the large number of coffee shops business that have sprung up. This situation make the competition become very high between one another. Consumer will be faced with confusion in choosing a coffee shop to visit because of many choices in the market. Those who are able to survive are those who take advantage of the brand as a marketing strategy. On the other hand, consumers will also use the brand as a reference in choosing. Jacoby, Olson, and Haddock (1977) stated, "... brands provide a short land device or means of simplification for their (consumer) product decision." (Keller, 2002:9).

To survive this competition, coffee shop had to understand the brand concept and how to position the brand to get higher purchase intention and customer loyalty, so the business will become sustainable in the market.

According to the background that the researcher already elaborates above, the researcher would like to conduct a research which purposed to analyse the relation between the customer satisfaction in branding positioning to the intention of consumer visit and purchase with Lantai Bumi Coffee, Yogyakarta as the object of the research. The title of the research would be "CUSTOMER SATISFACTION IN THE CONTEXT OF BRAND POSITIONING IN SERVICE SECTOR OF LANTAI BUMI COFFEE. "

## **1.2 Research Problem**

Based on the explanation and previous study mentioned in the introduction part above, this research problem is formulated as follows:

1. Does the customer satisfaction have a positive relationship toward the brand positioning?
2. Does the social activity have a positive relationship toward the brand positioning?

## **1.3 Research Objectives**

According to the research problem formulated above, this research objectives are:

1. To examine the relationship of customer satisfaction toward brand position of Lantai Bumi Coffee.
2. To examine the relationship of social activity toward brand position of Lantai Bumi Coffee.

## **1.4 Research Contributions**

This research conducted with the expectation to contribute in some aspects based on the problem and objectives, there are:

- 1. For the Organization**

This research will provide calculative results with analysis that can be useful for succession the product marketing through branding positioning of the company.

## **2. For Author**

This research will improve the author's knowledge and experience to research this study especially about marketing aspect.

## **3. For Other Parties**

This may help the next party who are interested in conducting a similar study to improve the knowledge and direction for future research.

### **1.5 Scope of the Research**

The limitation research of this research supposed to avoid the misunderstanding and deviations in this research progress:

- a. The subject of this research is the respondents who ever been visit and purchase product in Lantai Bumi Coffee.
- b. The object of this research is Lantai Bumi Coffee which is one of the famous coffee shop in Yogyakarta.
- c. The variable of this research divided into two variables which categorized into dependent variable and independent variable. The dependent variable is the brand position of Lantai Bumi Coffee. The

independent variable consists of the customer satisfaction and social activity toward to Lantai Bumi Coffee.

## **1.6 Writing Systematic**

The research is going to be written with the systematic order as follows:

### **Chapter 1 Introduction**

Consist of background of the research, the research problem, the research objectives, the research contribution and the research structure.

### **Chapter 2 Literature Review**

Consist of the basic theory, the related previous research and study definition and explanation of terms, the research framework and the hypothesis development.

### **Chapter 3 Research Design**

Consist of the method explanation, the research sampling, the data sources, the variable, the data collection and the analysis method.

### **Chapter 4 Data Analysis & Discussion**

Consist of explanation of data analysis and the discussion of the research result.

### **Chapter 5 Conclusion and Suggestion**

Consist of the conclusion, the limitation and the suggestion.