An Important-Performance Analysis of International Coffee Outlet Service Quality: Empirical Results from Coffee Outlets in Badung, Bali

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Abstract: *Service quality is animportantantecedentof consumers' satisfaction. Service quality isconveyedconsistentlycanhelp companiesachievebetter performanceand can improvecustomer satisfaction, also canbuildlong-term relationshipswith customers. This studyaims to determine the role ofthe service quality to customer satisfaction, as well asto determine thequality indicatorsof servicethat allows a customerto feelsatisfiedand dissatisfied. The result showed that consumers areverysatisfied with the qualityof service renderedforconsumersconducting transactionswith the company. Companyshould be morefocused on increasingthe performanceindicators oftaste, physical formand appearance of the barista. Company should retainsthe appearance ofoutletswere clean, tidyand comfortable, accuraterecording systemorders, information serviceandcomplaint handling. While theindicatorsare in quadrantIIIandIVremain the focusin order to maintainthe qualityof service,in order to improvingcustomer satisfaction. The results ofthis studyare usefulfor managersin identifyinganddeveloping thecompany'sstrategy andmarketing programs.*
Keywords*: Satisfaction, Importance, Service Quality, Performance, IPA*

I. Introduction

Bali is a popular tourist destination among foreign tourists and domestic. The attractiveness of Bali as a tourism destination is supported by the condition of unspoiled nature, cultural diversity and customs of local communities and makes Bali as famous tourist area. The impact of the development of the tourism industry in Bali has been able to increase economic growth, especially in creating jobs both in the fields of transport, hospitality industry, the restaurant business, cafe and other tourism industry.Economy of Bali is growing is the result of support from many parties formgovernment, private companies and communities to work together to increase the number of tourist visits. Total tourist arrivals were directly visited Bali in 2015 increased by 6.24% from the amount in the previous year (Disparda Bali, 2016). These data show that Bali is still one of the main goals in conducting vacation. Along with the increase in tourist arrivals, so it needed an adequate infrastructure in terms of both quality and quantity. Accommodation facilities, restaurants, transportation and other supporting facilities should be able to accommodate the needs and desires of tourists as they enjoy attractions that exist in Bali.

Growth of restaurant business, café and bar emerge and evolve in line with the increasing number of tourists coming to Bali. Company's international coffee outlets saw this opportunity as a promising opportunity and to support the fulfillment of tourists visiting Bali. Enjoying coffee with a cozy atmosphere and different is a trend that is emerging recently. Coffee shops become very attractive destination of travelers to relax or gathering with friends. Coffee not only as a buffer sleepiness, but drinking coffee has become a culture in society, both in Bali and Indonesia. Growth and café offers coffee as the main menu continues to increase and this situation resulted in the level of competition between coffee shops is increasing. The restaurant manager and café seeks to promote the uniqueness, the company's brand image and improved its excellence of its restaurants in the guest's visit.

Brands of companies are already well known, quality of service and distinctive coffee taste, making for competitive advantage. Research carried by Tu*et al*., (2012) found that the Starbucks Coffee brand image significantly affects customer satisfaction and loyalty, and satisfaction has a strong impact on customer loyalty. Therefore, the company should pay special attention to meet the desires of consumers in order to create and improve customer satisfaction to establish a long-term relationship of mutual benefit. Furthermore, the satisfaction felt by customers directly will encourage the creation of customer loyalty. In addition to the image and taste of coffee are always maintained, quality of service is important in creating customer satisfaction. Parasuraman*et al*., (1985) conduct an investigation on difference between expectations and reality in the consumer-perceived quality of service, which the company continues to strive to meet consumer expectations. Furthermore, the quality of service will impact on customer satisfaction (Zulkarnaen and Aldianto, 2012) and customer satisfaction will increase loyalty (Tu*et al*., 2012). Furthermore, Yulisetiarini (2014), which conducts

research on of restaurant business in West Java found that the quality of service has impact in increase customer satisfaction.

The purpose of this study is to analyze the service quality on customer satisfaction by using IPA models to identify the importance and performance service quality at an international chain coffee shop that has several outlets in Badung Regency. Important Performance Analysis (IPA) has become a useful tool that is increasingly used in the tourism and hospitality industry to identify the strengths and weaknesses of brands, products, and services of a company (Keyt*et al*., 1994). Tzeng and Chang (2011) using IPA in measuring service quality food service industry in Taiwan say that models IPA provides more comprehensive results when compared to SERVQUAL and Improvement Factor / IF. Thus, this research is conducted in order to assess and provide an overview of guest satisfaction for service quality when conducting a transaction at coffee outlets. The results are expected to provide inputs to the management in order to improve customer satisfaction.

II.   Literature Review

2.1. Service Quality

Parasuraman*et al*., (1985) suggested that satisfaction is a concept that is much broader than just assessing the quality of service but also influenced by other factors. Consumer satisfaction is influenced by consumers' perceptions of service quality, product quality, price and the factors and personal circumstances of the consumer. Companies engaged in the service depend on the quality services provided. In Zeithaml*et al*., (1985) services consists of five characteristics namely reliability, responsiveness, assurance, physical evidence, and empathy. Furthermore Kotler*et al*., (2003: 15) states that if the service received is smaller than the actual perception of service received, then the customer will feel disappointed. If the service is expected to equal the actual perceptions of service received, then the customer feel satisfied. However, if the service received is greater than the perception of the actual service that customers feel very satisfied.

According to Ladhari (2008) service quality is considered as an important tool for companies to differentiate their products with competitors. The relevance of service quality to the company is able to provide a competitive advantage in providing customer satisfaction. The quality of service has gained the attention of academics and practitioners (Negi, 2009) and in the literature of service quality is defined as an overall assessment of the service by the customer (Eshghi*et al*., 2008). Furthermore Parasuraman*et al.,* (1988) explained that quality as a form of attitude but not the same as satisfaction, and the result of expectations with perceptions of performance. Therefore, to have a better understanding of consumer attitudes will help companies look at service quality provided to consumers.

Research conducted by Ghylin*et al*., (2006) showed that the defining service quality, the company can provide services with higher quality levels that will lead to increased customer satisfaction. In their research, service quality can be defined as distinguish between customer expectations and their perceptions of the service received. Customer expectations serve as a basis for evaluating the quality of service, high quality when performance exceeds expectations and low quality when performance does not meet their expectations (Asubonteng*et al*., 1996). Hope seen in the service quality is a desire about what they feel from the service provider while perceived value is the result of the views of consumers of the services it receives. Then total customer perception of the service is based on results in high overall customer perception of the process (Edvardsson, 1998).

Research results from Douglas and Connor (2003) suggests that the service quality not only rated as a final result, but also on how the service quality delivered during the service process and its main effect is on consumer perceptions. Furthermore Negi (2009) showed that the quality of service contribute to the competitiveness of the business and developing customer satisfaction. This indicates that the service quality is very important construct to be understood by knowing how to measure and make the necessary improvements especially in areas that happens is a wide gap between the expectations and perceptions. So in the context of a service company, not only learn the perceived service quality as well as learn how to measure service quality, but also provides guidance in improving service qualityin order to aim customer satisfaction. Consumers assume that intangible product namelyservice quality, has contributed a major role in driving the customer's satisfaction or dissatisfaction (Negi, 2009). This means that there is a need to understand customer expectations regarding service quality.

2.2. Importance Performance Analysis (IPA)

Wong *et al*., (2011) states that many researchers and industry practitioners usually use the services of one side only survey to measure the level of customer satisfaction, but suggested that another important indicator that measures the level attributes interests of consumers (Carman, 1990). In completing a measurement of consumer satisfaction, IPA is one simple evaluation tool that can be used to understand and prioritize customer satisfaction attributes for improvement (Martilla and James, 1977). IPA has been widely used in

industries such as travel and tourism services (Enright and Newton, 2005; Wilkin, 2010) and other sectors (Blose*et al.*, 2005; Zulkarnaen and Aldianto, 2012; Chen and Lin, 2013).

IPA is a powerful evaluation tool for practitioners and academics to find out the good attributes and attributes that need to be improved and the need for corrective action (Wong *et al.*, 2009). IPA is an evaluation tool used to determine the priority attribute for improvement and also provide guidance in the company's strategic development plan (Slack, 1994). Two-dimensional model of the IPA is divided into four quadrants with levels of performance and the level of interest. Quadrant I is "concentrate here" or top priority in which the attributes are included in this quadrant is a key area that needs to be upgraded with the highest priority. Quadrant II is "keep up the good work" or preserve the achievements in which all the attributes that fall into this quadrant is a pillar of strength and organization as well as being the pride of the organization. Quadrant III is a "low priority" or has a low priority in which the attributes are included in this quadrant is not important and does not pose a threat to the company. Quadrant IV is "possible overkill" or the possibility of excess that shows the attributes that are emphasized by the organization. Therefore, organizations should reflect these attributes and allocate more resources to handle the attributes that are in quadrant I.

Figure 1.Quadrant on the Model of Importance Performance Analysis.
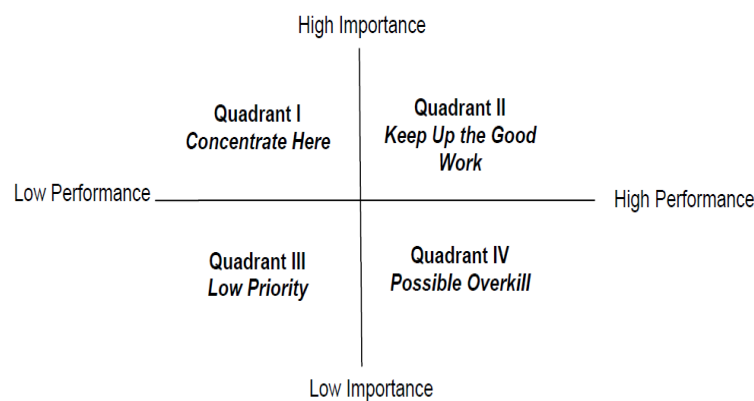
Source: Martilla and James (in Wong *et al.*, 2011)

IPA models can be used to generate suggestions for management to distinguish priority in determining the company's strategy (Wong *et al*, 2011). IPA models can also be used to test the importance that consumers on the company's performance and also to test the level of satisfaction felt by consumers in the delivery performance. Although the model IPA is a simple tool, IPA can assist the company in evaluating service organizations; provide guidance in formulating strategies and to allocate resources to the right place and the right people. IPA also enables management to identify the key success factor of the strengths and weaknesses of the organization. Therefore, this study uses a model IPA in order to evaluate the expectations relating to the interests and the company's internal performance.

Research that using the IPA model in studying customer satisfaction, has been conducted by Chen and Lin (2013) at the hospital, show that there are four indicators are in quadrant low priority and 5 indicators are in quadrant possible overkill. These findings indicate that internal marketing orientation characteristics required in the organization to help hospital managers to develop internal marketing strategies. Then Wilkin (2010) analyzed the customer in the hospitality services industry found that there are some areas of the hotel that is used by the guest is under the expected performance, but overall guest expectations can be met by the management. Furthermore, Lin *et al.*, (2015) who conducted research on casual dining restaurant found on the side of the consumer's perspective, should give priority to increase the quality dimensions variable in hygiene and cooking. The quality of cooking is the main factor that has a high impact on the quality of the food such as taste, hygiene and food presentation. Furthermore, the study found there are 15 quality items that are in the area "concentrate here".

2.3. Customer Satisfaction

The increasingly tight competition caused every company must put orientation customer satisfaction as a primary goal. Kotler and Keller (2009: 14) states that the purpose of a business if they want to remain able to serve customers is customer orientation (focusing on the needs and desires of customers). The creation of customer satisfaction can provide benefits such as the relationship between the company and its customers to be

harmonious, repeat purchase and creation of customer loyalty in the form of positive word of mouth communication and profitable company.

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). This shows that customer satisfaction is based on experience with the service provider and service results. Giese and Cote (2000) states clearly that there is no generic definition regarding customer satisfaction and after conducting a study on the various definitions of satisfaction, they finally gives the following definition of "customer satisfaction is identified with the response (cognitive or affective) associated with a particular focus that product purchasing experience and occur at a specific time (after purchase). From this concept looks that customer satisfaction is determined by experience in conducting transactions with companies in which the level of customer satisfaction is determined by the cumulative experience at all points of customer contact with the company.

According to Wicks and Roethlein (2009) customer satisfaction can be formed through a process of evaluation of affective and affective experiential purchases by consumers. Organizations that consistently provide satisfaction to its customers can enjoy higher retention rates and greater profitability due to an increase in customer loyalty. Keeping consumers remain satisfied is very important and can be done differently. One way is to understand consumer expectations and perceptions of the services offered by the service providers. In this way, service quality can be assessed in the right way and be able to evaluate the satisfaction of the customer.

This study evaluated the service quality by considering some important quality attributes and in accordance with customer expectations. Therefore, companies should be able to take corrective action on the attributes that have lower levels of satisfaction. This means that customer satisfaction will be considered on certain dimensions of service quality in order to identify aspects of customer satisfaction.

III. Researh Method

The study was conducted on an international chain coffee shop have an outlet as many as 10 outlets located in Badung, Bali. Method to determine the sample used purposive sampling. Questionnaires were collected as many as 140 respondents. This study uses 14 of the questions, 5 Likert scale is used to measure the quality of service and the level of consumer interest. Scale in measuring the interest rate of 1 = very important to 5 = very important) and a scale to measure the level of performance (1 = very poor to 5 = excellent). Validity and reliability are used to ensure the indicators used are valid and reliable. Measurement Validity and reliability are very important in the assessment questionnaire. According toSugiyono (2012: 183) the level of validity for all indicators is expected to be above the value of r = 0.3 and the level of reliability with a view cronbach alpha value of each indicator must be greater than 0.6. The analysis technique used is the Importance Performance Analysis / IPA.

IV. Result And Discussion

From the results of validity test found that the level of validity for all items above 0.3 and it can be said that all indicator used in the questionnaires are valid. Then based on the results of reliability, from the calculation of all the indicators, cronbach alpha value was greater than 0.6, both from performance and interest variable. This value is above 0.6 and thus the indicator variable that is used is reliable.

Table 1. Average Ratings Service Quality between Performance and Importance

No	Attribute	Performance (X)	Importance (Y)	Level of Compliance
A	**Tangibles**			
1	Taste and physical form of drinks	3.96	4.07	97.19
2	Appearance of barista	4.02	4.01	100.18
3	Appearance outlets were clean, neat, and comfortable	4.18	4.09	102.27
B	**Reliability**			
1	Recording system is accurate and fast order	4.12	4.09	100.70
2	information services	4.14	4.10	101.05
3	complaint handling	4.24	4.05	104.59
C	**Responsiveness**			
1	Smooth process of ordering food and drinks	4.03	3.99	101.08
2	Speed of the process of making drinks	4.05	3.98	101.80
3	Barista Speed in handling services	4.107	3.936	104.356
4	Availability of barista to help guests	4.114	3.943	104.348
D	**Assurance**			
1	courtesy barista	4.02	3.98	101.08
2	Security guarantee when transacting	3.97	3.96	100.36

E	Empathy			
1	Personal attention of the barista in the guest's needs	4.31	3.84	112.08
2	Barista understands the specific needs and desires of guests	4.11	3.85	106.68
	Total	57.36	55.89	
	Average	4.10	3.99	102.7

Source: research data

Based on Table 1 above shows that overall respondents gave an excellent assessment of the performance of services provided by employees in serving customers, but it must be maintained in order to provide the best service for all consumers. Based on the interest level, the overall respondents believe that all indicators of value for the consumer interests in the transaction with the company, while the indicators needs to be improved is in the taste and physical form of beverages offered. IPA results calculation presented in the cartesius diagram figure below.
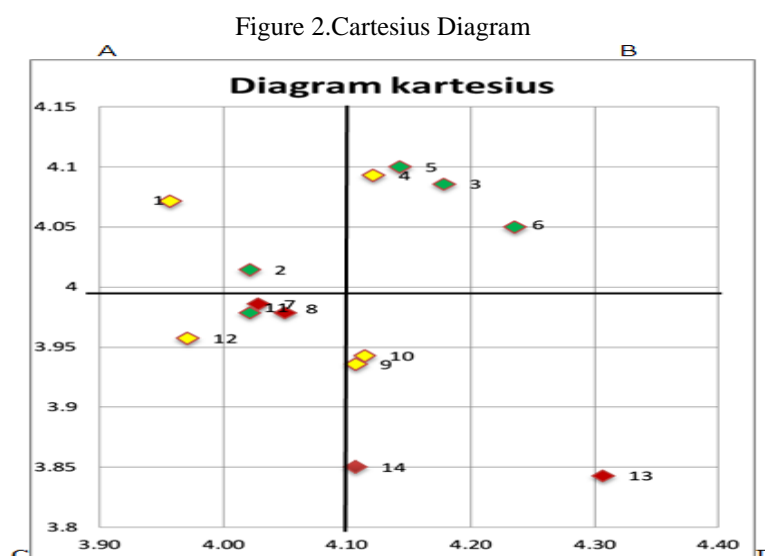
Figure 2.Cartesius Diagram

Figureof cartesius diagram above shows the attributes that exist in each quadrant. Attributes are entered into the first quadrant there are two: (1) the taste and physical form of drinks, (2) the appearance of a barista. Attributes are entered in this quadrant should be a priority for this attribute is considered to have a high level of importance but still have relatively low performance based on an assessment of the consumer. Companies must immediately make improvements so that the performance attributes that exist in this quadrant can be improved. Attributes are entered quadrant II there are four: (1) outlets were clean, tidy and comfortable, (2) recording system orders accurately and quickly, (3) information services, (4) the handling of complaints was good. Attributes included in this quadrant are considered important by consumers and level service quality in accordance with the expectations and interests of consumers. This attribute should be maintained as an advantage of the company in the eyes of consumers.

Attributes are entered into the quadrant III is not considered important by guests and the quality of service is less satisfactory. Attributes that go into quadrant III there are four, namely (1) the smooth process of ordering drinks, (2) the speed of the process of making a drink, (3) courtesy of barista, (4) security guarantees when transacting. Further attributes are entered in quadrant IV there are four, namely (1) the speed of the staff in serving guests, (2) willingness barista in serving guests, (3) the personal attention of the barista, (4) barista understands the needs and desires of guests. Attributes in this quadrant indicates that the attribute is less important but the service provided is very satisfactory. If the attributes that are in this quadrant in its implementation require costs, it is necessary to diversion the cost from the attributes that are in this quadrant to quadrant I.

The first priority is to provide guidance to the attributes that have a low level of fitness. In this study that must be addressed is the main flavor attributes and physical shape and appearance of barista beverages in serving consumers. This is important because consumers have different tastes and come from countries with different cultures so that the guest has different desires and expectations. This is a good input for management in an effort to improve customer satisfaction that visit and enjoy the products offered by the company.Based on the results fromlevel of conformity to customer satisfaction from overall quality of services provided, the result from customer satisfaction index is 103%. The result of 103% indicates that consumers are very satisfied with

the service in coffee outlets in Badung Regency, and the services provided exceed the expectations of consumers when they make a transaction with the company.

V.   Conclusion

Based on the results from the discussion, can be concluded that the level of customer satisfaction with the service quality in coffee outlets in Badung Regency showed a good performance, where the quality perceived by the guests already exceed consumer expectations. These results also provide guidance to the management to improve performance by identifying areas that should be improved and maintained based on guest perception. Coffee outlet management is expected to improve taste, physical form of beverages and appearance of barista. Management should be able to maintain the appearance of outlets was clean tidy and comfortable, the recording system orders accurately and quickly as well as information service and complaint handling. Attributes in quadrant III according to the consumer is not important, and its performance has not been good, but the presence from these indicators cannot be ignored and eliminated even be improved so that performance becomes better. Attributes speed of staff in serving guests, willingness of barista in serving guests, as well as the personal attention to guests, should be maintained even though these attributes are considered the consumer is not important but the presence of this indicator cannot be ignored. Overall, the performance of coffee outlets can provide satisfaction to guests and should be maintained and improved again in order to increase consumer loyalty.

Managers of coffee outlets are expected to understand the gaps between the expectations of the performance occurred in service in order to improve customer satisfaction. Managers can prepare the activities and strategic plans, especially in marketing programs to attract and retain consumers. The company should more understanding the consumers because they have different cultural characteristics either from taste, flavor and price. By understanding each customer with a different culture, the company is expected to provide services based on consumer desires. This research was conducted only at an international chain coffee outlets in Badung Regency with limited variables. Further research is recommended to incorporate the cultural variables in order to understand the preferences of local and western culture toward the company. This research can be applied to other service companies to use different analysis techniques especially in measuring customer satisfaction.

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