

Determinant of Customer-Company Identification (CCID) of Starbucks in Indonesia

Ronald Ronald*
Universitas Pelita Harapan Surabaya

Amelia Amelia
Universitas Pelita Harapan Surabaya

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ABSTRACT

In recent years, the development of the modern era led to the emergence of wide range of businesses whose goal is to meet the needs of its customers. Business competition is causing companies vying to provide a wide variety of products and the best service that can satisfy its customers. Surabaya is one of the vibrant metropolis and was known as the second largest city in Indonesia after Jakarta. As a busy city, the development of trade and industry moving rapidly, includes cafe. Café business is a business that promotes quality of the products and quality of the services provided by the company to their customers (<http://www.ifbec>). One of the biggest coffee shop in Surabaya is Starbucks. This study aims to examine the factors that significantly affect customer-company identification (CCID) of Starbucks consumer in Surabaya. The variables that will be tested are service quality, food quality, and perceived value that will affect customer satisfaction. This study uses a quantitative approach using multiple regression through the program SPSS 16. The samples were 200 respondents in Surabaya with non probability sampling technique. The sampling method was purposive sampling.

Keywords: Service Quality, Food Quality, Perceived Value, Customer Satisfaction, Customer-Company Identification (CCID), Starbucks

I. INTRODUCTION

Indonesia is known as one of the best coffee producer in the world. The coffee businesses in Indonesia have developed because of so many raw materials or coffee bean produced in Indonesia. Ironically, people in Indonesia themselves are aware that some imported coffee brands that currently is easily found everywhere is actually originated from Indonesia. With so many brands of foreign coffee shops, it is an irony that Indonesia is one of the largest coffee producer in the world and Indonesians had to buy coffee drinks at doubled price. Starbucks' success has largely achieved on advertising through word of mouth, and this has made its name became a popular word. In 2004 fiscal year, Starbucks reached a record of 1,344 stores worldwide. History of Starbucks shows how a small scale regional coffee roasting shop and coffee beans seller turns into an international company with more than 9,000 locations in 34 countries, serving more than 20 million customers within a week (www.rumahkopi.com)

Starbucks is originated from the story of Moby Dick. A very famous book in

1851 and it was written by Herman Melville. Starbucks is the name of a couple of young sailors who sailed around the Pequod. Initially, the founders of Starbucks coffee shops will name their first coffee shop as Pequod. But in the end, they chose the name Starbucks with a philosophy of "evoked the romance of the high seas and the Seafaring tradition of the early coffee traders". Starbucks logo has undergone many changes in design over the years. The original logo, originated in 1971, were made after the 15th century, which was the Norse woodcut and drawing of two tailed mermaid or sirens myth. The siren is derived from Greek mythology which is a figure of attractive and irresistible female, usually half-fish / half-women (various mermaid). The purpose of the siren is to seduce the sailors, sailing in the sea with powerful seductive songs, and often ends up in unfortunate death of the sailors who cannot resist the temptation.

Just by hearing the name of Starbucks, people will remember a cup of coffee. Others might think of a warm and dimly lit coffee shop with full coffee aroma. The image was successfully implanted by PT Sari Coffee Indonesia. Since 2002, Starbucks franchise owners have successfully spread their wings in 10 major cities in Indonesia and build 152 outlets. Anthony Cottan, is the Director of PT Sari Coffee Indonesia (Starbucks Indonesia), Director of Food and Beverage Concepts of PT Mitra Adiperkasa Tbk, the man behind Sari Coffee's progress. This 49 year man continues to expand Starbucks throughout Indonesia. The praiseworthy strategy is to build outlets in uncommon places. Starbucks are not only to be found in the malls (www.bisnis.tempo.co.id).

According to the Starbucks annual report in 2011, the total Starbucks outlets in Indonesia as of October 2011 reached 109 outlets. Of the total amount, Indonesia was the largest market share or considered as one of the largest Starbucks market share in Asia Pacific, after Japan (935), South Korea (367), Taiwan (249), China (218), Philippines (183) , Malaysia (121), and Hong Kong (117) (<http://www.theindonesianway.com/>). Starbucks offer various hot and cold beverages, such as Espresso Beverages, Frappucino Blended Beverages, Chocolate Beverages, Smoothies, Brewed Coffee, Teas, Bakery, and many more. Starbucks is keeping their innovation going and developing their coffee, beverage, and pastry products, providing more choice for the consumer that like hot or cold beverages, even pastries (<http://www.starbucks.com>).

The fast growth of Starbucks around the world shows that Starbucks is capable to attract consumers' interest to drink and enjoy coffee in a different way, particularly to attract its market segment, which mostly men and women aged 25 to 40. They account for almost half (49 percent) of its total business. Starbucks has succeeded making coffee as a beverage choice to be a new trend and lifestyle for consumers (<http://smallbusiness.chron.com/>, retrieved on January 13, 2013). Because of these facts, it is important to know and understand the factors that affect positive Customer-Company Identification (CCID) from Starbucks' consumers so it can be a trend and lifestyle for consumers. This knowledge and understanding of the factors can be used by Starbucks or another players in the coffee and beverages industry to improve their sales and expand their business.

II. LITERATURE REVIEW

A. Service Quality

According to Metter et al. (2006), 'service quality is often defined as the satisfaction of expectation. The expectation are subjective and based on cognitive or formal descriptions of the services process and outcome.' While according to Barata (2003), 'measurement of service quality is not only based on the people that are serving but is decided more by the people are being served, because they are the ones who enjoy the services so that they can measure the service quality based on their hopes and expectations at delivering their satisfaction.' Service quality is one of the most important factors should be concerned by the company. The company needs to give the best service quality so that customers keep coming back to do the repurchase. Customer satisfaction is crucial to the company because it will affect the customer loyalty and the company sustainability.

Kotler (2000) says that satisfaction is 'happiness or disappointment that is appear in someone after he/she compares the perception of the work performance (or result) of a product and the hopes.' Zeithaml and Bitner (2003) said that customer satisfaction is a 'customer evaluation to the product or service customer get, do it delivers the customers' needs and hopes.' Gonzalez et al. (2007) 'examine relationship between service quality and customer satisfaction and conclude that satisfaction depends on perceived service quality.' Cronin and Taylor (1992) stated that service quality is 'one of the antecedents of customer satisfaction.' From these statements, we can make first hypothesis:

H1: Service quality has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee

B. Food Quality

According to Namkung and Jang (2007), food quality is 'a necessary condition to satisfy the needs and expectations of customer.' According to Namkung and Jang (2007), there are 6 (six) dimensions of food quality, which are: 'presentation, variety, healthy, taste, freshness, and temperature.' Alhabeeb (2002) stated that 'product quality is defined as superiority or excellence of a product.' There are some evidences that food quality and customer satisfaction have a strong relationship. Andaleeb and Conway (2006) stated that 'in addition to service quality, product quality also influence customer satisfaction.' Food quality is the crucial factor to the company that runs in food industry. Food quality is the main factor deciding whether customer will or will not consume the food product continually. West, Wood, and Harger (1965, p.54) stated: 'food standard, although difficult to define and not measurable by mechanical means, are possible to evaluate in term of nutritive value, grade of ingredient used, flour, and appearance of the product. The research of Gilbert et al. (2004) told that 'food quality affects customer satisfaction.' Hence, we can make hypothesis that:

H2: Food quality has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee

C. Perceived Value

Sweeney and Soutar (2001) stated that 'with a focus on transactions, value has been conceptualized as an assessment of benefit against cost when shopping with a vendor.' Kim et al. (2011) define 'perceived value from the customer's perspective as the net benefit (perceived benefit relative to perceived cost) from a transaction with a vendor.'

As according to Wellington (1998), 'price is the indicator of customer satisfaction giver, which this indicator (price) creates the customer satisfaction.' Perceived value is the factor that reflects the product quality and influences customers' decision on buying products. McDougall and Levesque (2000) stated that value is 'the difference between benefits or advantages being gotten and the expenses.' Perceived value is also a factor that affects customer satisfaction. Hong Qin and friends (2010) explained that 'values that are being felt influence customer satisfaction to fast food restaurant.' Kim et al. (2011) stated that perceived value is 'one of the antecedents of customer satisfaction but that it is extraneous to service and food quality.' Thus, we can make the following hypothesis:

H3: Perceived value has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee

D. Customer-Company Identification (CCID)

CCID represents "the primary psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers" (Bhattacharya & Sen, 2003, p. 76). CCID leads to favorable outcomes such as loyalty, share of wallet, positive word of mouth, and willingness to pay (Ahearne, Bhattacharya, & Gruen, 2005; Homburg, Wieseke, & Hoyer, 2009; Netemeyer, Heilman, & Maxham, 2012). Customer identification solidifies the linkages of customers and their identities to the focal company's image, brands, employees, and even the in-group of other customers. CCID is therefore an important facet of the customer-company relationship which keeps customers connected to a company, and is a key indicator of relationship equity (Rust, Zeithaml, & Lemon, 2000).

III. RESEARCH ISSUE AND METHODOLOGY

In this study the target of population were customers who buy and consume Starbucks Coffee in Surabaya with characteristics as follow: men and women, residing in Surabaya, well educated. This research uses primary data that is the data obtained from the distribution of questionnaires to the respondents in accordance with the characteristics of populations. Questionnaire distribution was conducted in front of Sour Sally's outlet in Surabaya. From 110 questionnaires distributed, 100 questionnaires were returned and can be use for data formulation.

From the questionnaire completed by respondents, the indicators to measure were built from previous researches. For service quality, food quality, perceived value, and customer satisfaction from research by Hong Qin et al. (2010), Cronin and Taylor. (1992), Griffin (1995), Namkung and Jang (2007), Bloeme de Ruyter and Wetzels (1999), and Sirdeshmukh et al. (2002); Kang et. Al. (2015). There were 21 indicators for 4 variables tested, and these can be seen from the following research model:

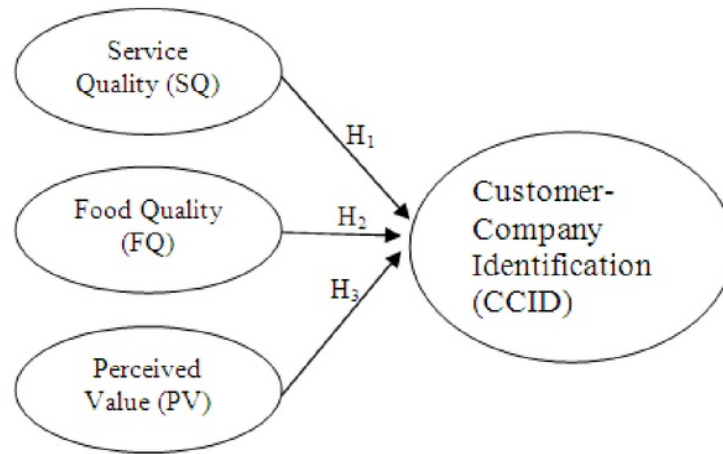


Figure 1. Research Model

Source: Analysis, 2016

A. Methodology

Aras which was used within this research were interval level measurement. Type of scale used was Summated Likert, a statement which has a range from 1 = disagree to 5 = agree, the scale represent the respondents opinion for the questions regarding the objects being studied. In which the highest the score or number selected indicated the higher of ratings, and vice versa.

IV. FINDINGS AND DISCUSSION

4.1 Findings

This study is using multiple regression to examine the effect between the independent variables towards the dependent variable. Statistical analysis tool used to answer the problem formulation of this research is SPSS 16 software. When all primary data has been collected, then the statistical testing can be done.

The respondent was made up of 67% men and 33% women. Almost 50% of the group is under the age of 40. Nearly 75% of the respondents had a monthly income above Rp. 3.500.000,- (approximately USD 260).

4.1.1 Validity Test

Table 1
Validity Test

Indicator	Factor Loading	Note
Service Quality:		
SQ1	.379	Valid
SQ2	.377	Valid
SQ3	.416	Valid
SQ4	.397	Valid
SQ5	.348	Valid
SQ6	.270	Valid

SQ7	.329	Valid
SQ8	.473	Valid
SQ9	.467	Valid
SQ10	.350	Valid
Food Quality:		
FQ1	.293	Valid
FQ2	.443	Valid
FQ3	.394	Valid
FQ4	.293	Valid
Perceived Value:		
PV1	.400	Valid
PV2	.468	Valid
PV3	.517	Valid
Customer-Company Identification:		
CC1	.623	Valid
CC2	.486	Valid
CC3	.490	Valid
CC4	.623	Valid

Source: SPSS 16 result, 2016

1
The criteria is if the value of the Corrected Item-Total Correlation for n=100 is higher than 0.197 (r table), then the statement is considered valid, however, if the value of the factor loading is less than the 0.197, then the statement is considered invalid or failed. Based on the test of the data validity, it is prove that all indicators used to estimate each variable is valid, since the value of the factor loading for every items are more than 0.197.

1 4.1.2 Reliability Test

Reliability test is do by comparing cronbach's alpha value, if the value is higher than 0.6, then the statement is considered reliable.

Table 2
Reliability Test

Variable	Cronbach's Alpha Based on Standardized Items	Note
Service Quality	.729	Reliable
Food Quality	.602	Reliable
Perceived Value	.648	Reliable
Customer-Company Identification (CCID)	.711	Reliable

Source: SPSS 16 result, 2016

1
From the table 2, it is prove that the variables of overall service quality, food quality, perceived value, and customer-company identification all resulting the value of cronbach alpha higher than 0.60. So, it can be conclude that the statements develop the variables can be said to be consistent/reliable and can be used for further analysis.

4.1.3 Normality Test

The results from SPSS output is used to see the normality of the Active Cooperation data with macroeconomic variables using a graph as seen in Figure 2.

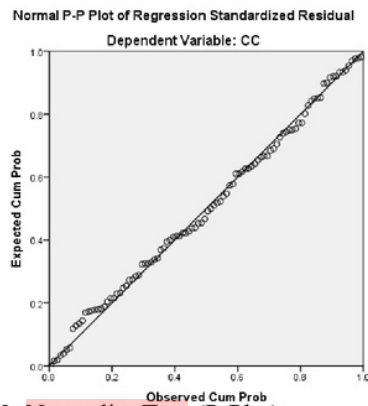


Figure 2. Normality Test (P-Plot)

Source: SPSS 16 result, 2016

1
 From the normality test result, data that used in the study are normally distributed. The explanation is because the spread of the data were not far from the diagonal line so it can be considered to pass the normality test. Therefore, this research can be continued.

4.1.4 Results of Coefficient Determination

Table 3

Model Summary SQ, FQ, PV → CCID

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.616 ^a	.379	.360	.448

a. Predictors: (Constant), PV, FQ, SQ

Source: SPSS 16 result, 2016

1
 From table 3, coefficient determination/R-square (R²) generated is as much as 0.360 which means that the variations of variables together can explain the variation of variable overall CCID by 36%, while the rest explained for other variables beyond the model which is not yet observed.

4.1.3 Result of Multiple Regressions

The results of multiple regression are as follows:

Table 4
Multiple Regression

Model		Standardized Coefficients
		Beta
1	(Constant)	
	SQ	.437
	FQ	.244
	PV	.050

Source: SPSS 16 result, 2016

1
From table 4, the regression equation can be written as follows:

$$CCID = b1SQ + b2FQ + b3PV$$

$$CCID = 0.437SQ + 0.244FQ + 0.050PV$$

Based on table 4, all independents variables have negatively influence towards CCID. Furthermore, service quality has the greatest regression coefficient compare to other variables, that is 0.437.

4.1.4 F-test

Table 5
F-test

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.768	3	3.923	19.546	.000 ^a
	Residual	19.266	96	.201		
	Total	31.034	99			

a. Predictors: (Constant), PV, FQ, SQ

b. Dependent Variable: CC

Source: SPSS 16 result, 2016

1
Based on the calculation of SPSS from table 5, the significance of F test value in the model is 0.000, this mean H0 is rejected, so it can be concluded that independent variables together influencing CCID significantly.

4.1.5 t-test

Table 8
t-test For Multiple Regression

Model		t	Sig.
1	(Constant)	-.057	.955
	SQ	4.108	.000
	FQ	2.698	.008
	PV	.471	.639

Source: SPSS 16.00 result, 2016

1
From table 8, it can be explained that the variables of service quality and perceived quality have significant effect towards CCID because it has a significance value below 0.05. Perceived value has insignificant effect towards CCID because it has a significance value above 0.05.

4.2 Discussion

From the research that has been done, the result is from three hypothesis proposed, two hypothesis are supported and one hypothesis are not supported. The first hypothesis, which states "Service quality has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee" is accepted. The reason is because the regression coefficient is 0.437 with t-test value of 0.000 which is below 0.05. This shows a consistent result with the previous study conducted by Cronin and Taylor (1992).

The second hypothesis, which states, "Food quality has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee" is supported. The reason is because the regression coefficient is 0.244 with t-test value of 4.108 which is below 0.05. This shows an inconsistent result with the previous study conducted by Gilbert et al., (2004).

The third hypothesis, which states, "Perceived value has a positive effect on Customer-Company Identification (CCID) of Starbucks Coffee" is supported. The reason is because the regression coefficient is 0.050 with t-test value of 0.639 which is above 0.05. This shows a inconsistent result with the previous study conducted by Kim et al., (2011).

V. CONCLUSION, LIMITATION AND RESEARCH EXTENTION

5.1 Conclusion

From the research that has been done, the result is from three hypothesis proposed, two hypothesis are supported and one hypothesis are not supported. Service quality is a variable that affects the CCID the most. Therefore, it is important for "Starbucks" to increase the service quality variable by providing good services to customers, improve the hospitality towards customers, and listening to customers' complaints patiently. Even though the consumers' complaints are told do not involve work or it could be boring, but Starbucks should still provide a full response in

empathy. So that the customers can have a good experience of the interaction with the employees in the "Starbucks" coffee shop in Surabaya. Moreover, it can be improved by providing training to all employees so that the employees can better provide opportunities to the customers to interact and give feedback. This way, the customers can say that the frequency level of interaction between the costumers and the employees towards the service are quite high in "Starbucks" Coffee shop in Surabaya. Also, provide training to all employees in order to provide better hospitality services to each customer who comes, so that in the future, it can increase the pleasure of customers towards hospitality services in "Starbucks" Coffee shop in Surabaya. Thus, provide training to all employees can provide a better service accuracy to every customer who comes, so that in the future, it can increase consumers' satisfaction with the services Coffee shop "Starbucks" in Surabaya.

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Perceived value does not significantly influence Starbuck customers in Indonesia. This is due to the comparison of what is obtained, which is the coffee and snacks offered in Starbucks, with benefits gained from drinking and eating are not comparable. This is because the main purpose of these customers have shifted from pure consumption to be more to the lifestyle and prestige. But because of the influence given is positive, so it is still an important to increase perceived value by making sure of the suitability of the price offered with the product offered, make a cooperation with the parties, involved in the effort of giving attractive promotions, and make sure that all the promotions offered can be delivered well.

1

5.2 Limitation and Research Extention

There are several limitations within this research, first this research only use limited sample in Surabaya. It also can be concluded that researchers and strategists

need to consider other issues relating to service quality, food quality, and perceived value to increase CCID. In further research, it is expected to increase the sample used in order for the data to be more generalized.

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