

Propose Marketing Strategy for Kintsugi Coffee to Increase Sales and Purchase Intention

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ABSTRACT : This study is finding the appropriate marketing strategy for coffee shop to increase sales and purchase intention. The coffee shop trend is currently increasing in Indonesia, this is in line with the increasing level of coffee consumption among people and makes competition in the coffee shop industry continue to increase. The challenge is coffee shop should have a good marketing strategy to increase their sales and purchase intention. This study is evaluating internal analysis using segmenting, targeting, and positioning (STP) analysis and 4P Marketing Mix from the coffee shop. This study also evaluating external analysis that affecting the coffee shop industry using Customer analysis and PESTEL analysis. After evaluate external and internal factor, this study is evaluating the company using SWOT analysis and continues with TOWS matrix to determine the strategy for increase sales and purchase intention.

KEYWORDS – Coffee shop, Marketing strategy, 4p Marketing mix, PESTEL analysis, Swot Analysis

I. INTRODUCTION

Business competition is getting tougher, causing many consequences in corporate competition. Companies are required to continuously improve their competitiveness. Companies must be able to quickly change themselves to become stronger and able to respond to market needs. If it is related to the marketing aspect, companies that have strong marketing will be able to compete in tight business competition [1]. This also applies to the coffee shop business. Marketing has an impact on companies depending on how they manage and strategize. This impact will be good if marketing activities are carried out in a mature, effective, and efficient manner so that the company will win the competition.

The increasingly fierce competition in the coffee industry requires companies to continue to improve their competitiveness and change themselves to become stronger to be able to respond to market needs. One of these businesses is Kintsugi, which is a coffee shop that provides many variants of coffee, Established since 2020 and already has a reputation and credibility in the eyes of consumers. The author conducted preliminary research by conducting interviews with Kintsugi owners to conduct further research. The author gets information that Kintsugi sales are unstable.

Figure 1.1 Sales of Kintsugi



Source: Kintsugi Owner

Based on Figure 1.1 above, we can see that the sales of kintsugi through 2023. Sales experienced a fairly stable increase from February to June and experienced its highest sales point in June. After experiencing a fairly stable increase, sales slowly began to decline until finally reaching the lowest point in sales in December.

Based on the results of preliminary research, the authors received information that most of them knew about Kintsugi but had never heard of any promotions. Promotions carried out by Kintsugi were only via Instagram stories, so they did not reach a broad target audience and these promotions did not reach potential customers. They know some of their competitors so it become their consideration in making decision. Some of them are not interested in going to Kintsugi and do not make them the main choice so these considerations can influence consumer purchasing decisions when they want to go to coffee shop.

Through the preliminary research that the authors has done, it can be concluded that this phenomenon involves activities and marketing strategy activities that are not good enough for Kintsugi, especially in terms of promotion, price, ambience, and purchase intention. These things are the reasons why Kintsugi sales continue to decrease and if no solution is found it will cause losses. In connection with the things described above, the author suspects that Kintsugi has problems in terms of marketing strategy so the author wants to do further research and later propose a marketing strategy to be implemented in solving problems that occur at Kintsugi.

II. THEORITICAL FOUNDATION

2.1 Marketing Mix

Marketing is a managerial process in which the people in it obtain what they want or what they need through creating and exchanging the products offered and their product value to others [2]. The marketing mix refers to a strategic approach that a business use to decide how to display its product offerings to a certain market segment known as the target market [3]. Marketing mix a collection of tactical marketing tools that can be controlled, in where the components include product, price, place and promotion [4]. Marketing mix is a collection of consumer-focused marketing techniques that businesses employ in various combinations to satisfy their needs [5].

2.2 Price

Price is a real clue that consumers use in their purchasing decisions [6]. Price is critical to the existence of any business that sells product because it affects our ability to make a profit or lose money when we sell a product to a consumer. The price is the sum that a consumer needs have ready in order to purchase products or services [7]. Price is the amount of money charged for a product or services or the amount of value that customers exchange to obtain benefits and owning or using a product or service [8]. One strategy used by businesses to set themselves apart from competitors is price. When a product is supplied at a high selling price, consumers will gravitate toward competing products. Customers will focus on the costs and advantages that they will receive

2.3 Promotion

One component of the marketing mix that is used to educate, convince, and remind people about the company's products is promotion [9]. When messages are sent to customers, it is anticipated that they would notice them and pay attention to the product that is being advertised. Promotion is a company means of informing, persuading, and reminding consumers about the products being sold [10]. Promotion is seen as a way to combine several components of promotional media comprehensively. Processed from full-length marketing materials and utilized to persuade consumers on the principles they hold dear. Results of thorough communication that are communicated in order to foster positive customer interactions can include public relations, publicity, direct selling, personal selling, sales promotions, and advertising [11].

2.4 Ambience

Ambience is the consciously designed space to produce specific emotional effects in customers that will enhance their willingness to purchase [12]. Coffee shops are used not just for coffee consumption, but also for a place to hang-out and do other activities like working. Ambience is the quality of the surrounding space that is perceived by customers [13]. The physical environment is one important influence to create an image that manipulates customer behavior. Ambience relates to nonvisual elements of a store's environment like lighting, smell/scent, temperature, noise, and music [14].

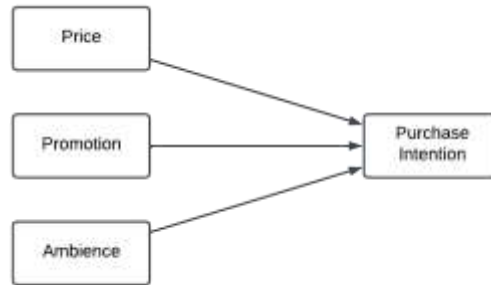
2.5 Purchase Intention

Purchase intention refers to an individual plan or intention to buy a particular product or service [15]. Factors influencing purchase intentions are related to emotions and feelings. Purchase intention is the consumer behavior that underlies purchasing decisions. Purchase intention is the mindset that buyers have when they are

curious and interested in a product or service but have not yet reached the decision-making stage of the process. Consequently, someone is encouraged to make a buy decision by their purchasing intention.

2.6 Hypothesis Development

Figure 2.6 Hypothesis Development



Source: Author

H1: Price at Kintsugi has a positive influence on Purchase Intention

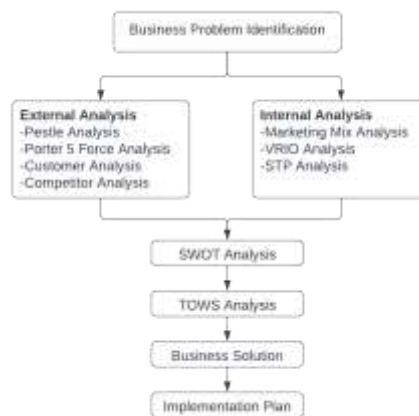
H2: Promotion at Kintsugi has a positive influence on Purchase Intention

H3: Ambience at Kintsugi has a positive influence on Purchase Intention

III. RESEARCH AND METHODOLOGY

This research design will describe the step-by-step procedures involved in the investigation. Initially, the researchers performed research and interviews with business owners at the start of the study. This research is being conducted by analysis both external and internal elements, which will be discussed in the next section.

Figure 3.1 Research Design



Source: Author

Figure 3.2 Research Method

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	.426	.475		.901	.369		
X1	.379	.056	.457	6.737	.000	.175	5.722
X2	-.337	.071	-.333	4.770	.000	.165	6.071
X3	.156	.077	.158	2.029	.044	.133	7.522

a. dependent variable: Y.

Source: Author

- H0 is rejected, H1 is accepted. The price variable (X1) has a positive influence on the purchase intention variable (Y) because t-count (6.737) > t-table (1.972)

- H0 is rejected, H2 is accepted. The promotion variable (X2) has a positive influence on the purchase intention variable (Y) because t-count (4.770) > t-table (1.972)
- H0 is rejected, H3 is accepted. The ambience variable (X3) has a positive influence on the purchase intention variable (Y) because t-count (2.029) > t-table (1.972)

So, the results of multiple linear regression in this study are as follows:

$$Y = 0,428 + 0,379 X1 + 0,337 X2 + 0,156 X3 + \epsilon$$

Based on the multiple linear regression equation above, it shows that purchase intention (Y) can be explained by price (X1) of 0.379, promotion (X2) of 0.337, and ambience (X3) of 0.156. The positive value on the independent variables X1 (0.379), X2 (0.337), and X3 (0.156) shows that resko has good price, promotion, and ambience and also the purchase intention customer at Kintsugi is high.

IV. RESEARCH RESULT

4.1 Data Analysis

Figure 4.1 Coefficient of Determination Test Results

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.913 ^a	.834	.831	1.144	1.808

a. Predictors: (Constant), X3, X1, X2
b. Dependent Variable: Y1

Source: Author

Based on the Figure X above, the adjusted R square value in this study is 0,834. So, it can be concluded that the contribution of the independent variable to the dependent variable is 83,4%, while the remaining 16,6% is influenced by other factors not explained in this research model.

Figure 4.2 Anova (F-test Results)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1357.936	3	452.645	345.986	.000 ^a
	Residual	270.813	207	1.308		
	Total	1628.749	210			

a. Predictors: (Constant), X3, X1, X2
b. Dependent Variable: Y1

Source: Author

Based on Figure X above, it can be seen that the p-value in the sig. 0.000 is smaller than 0.05. So that it can be concluded if H0 is rejected and H1 is accepted. This indicates that there is a simultaneous influence of the independent variables price (X1), promotion (X2), and ambience (X3) on the dependent variable purchase intention (Y).

Figure 4.3 Coefficient (T-Test Result)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	.428	.475			.901	.369		
	X1	.379	.056	.457	6.737	.000	.175	5.722	
	X2	.337	.071	.333	4.770	.000	.165	6.071	
	X3	.156	.077	.158	2.029	.044	.133	7.522	

a. dependent variable: Y

Source: Author

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4.2 SWOT Analysis

SWOT analysis is a strategic tool used to understand strengths, weaknesses, opportunities and threats in the marketing context of a company [16]. SWOT compares strengths, weaknesses, opportunities and threats. Strengths and weaknesses are reviewed for understand current and future opportunities and threats. It's getting clearer knowledge of strengths and weaknesses, the smaller the opportunities that are not achieved. Good opportunities can be used to counter threats, in addition Weaknesses can be overcome through company strengths.

Figure 4.1 SWOT of Kintsugi

Strength	Opportunity
<ol style="list-style-type: none"> 1. Good coffee quality 2. Strong in community involvement 3. Pet friendly 4. Unique building design 	<ol style="list-style-type: none"> 1. Trend of hang out in coffee shops among young people 2. Trend of Work from café among workers 3. Increased growth of the coffee industry
Weaknes	Threat
<ol style="list-style-type: none"> 1. Availability of fewer product variants than competitors 2. Location is not strategic 3. Limited marketing and promotional activities to expand customer base 4. Not suitable for WFC 5. Less utilization on social media 	<ol style="list-style-type: none"> 1. Competition is tough in the coffee industry 2. Changes in consumer preferences 3. Potential suppli chain disruptions or delays in obtaining raw materials 4. Promotion has a positive influence on purchase intention

Source: Author

4.3 Propose Strategy to Increase Kintsugi Sales and Purchase Intention

This study proposed 4 strategies for Kintsugi to increase their sales and purchase intention, the strategies are:

1. Carry Out Digital Marketing and Utilize Social Media as Promotion Media
2. Provide More Comfortable Space for Work From Cafe (WFC)
3. Provide More Product Variants and Healthy Options
4. Create Events Involving the Community to Strengthen Brand Image

V. CONCLUSION

This study produced the business solution based on the evaluating external and internal analysis that have been conducted by author and recognizing the brand strength and core problem. Pricing strategy, Promotion, Digital marketing, and Utilize social media are the core of the business solution. Kintsugi need to focus and improve their strategy to increase sales and also their purchasing intentions. Apart from that, implementing the right marketing strategy can increase Kintsugi's competitiveness with competitors in the coffee shop industry

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