

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background**

Coffee has undergone a transformation from being an energy-boosting beverage to becoming part of the lifestyle of modern society, especially among the younger generation and university students. Indonesia, as one of the largest coffee producers in the world, has great potential in the development of the local coffee industry. Data from the Central Bureau of Statistics (2020) shows that per capita coffee consumption in Indonesia increased by 10% in the last five years, signaling a significant shift in consumption patterns. This trend is growing along with the increasing popularity of various coffee variants and the emergence of new innovations in the coffee business, including grab-and-go and mobile coffee concepts.

The phenomenon of mobile coffee is an innovative solution to meet the needs of people who want quality coffee without having to visit a physical cafe or shop. This business model comes as an alternative that offers convenience, a fairly complete range of flavors, more affordable prices, and speed of service. Unlike conventional cafes, mobile coffee operates with motorized vehicles, either in the form of electric motorized carts or modified motorcycles, which allows flexibility in reaching consumers in various strategic locations such as campuses, office areas,

and shopping centers.

According to research by Sunarharum et al. (2004), the growth of the mobile coffee business in Indonesia is driven by three main factors, namely operational flexibility, competitive pricing, and increased demand for ready-to-eat coffee among the public.

In the mobile coffee business, product quality is one of the crucial factors that influence consumer purchasing decisions. Kotler & Keller (2016) explain that product quality includes aspects of taste, aroma, texture, and consistency, which contribute to customer satisfaction. Consumers who are satisfied with the quality of coffee tend to make repeat purchases and recommend the product to others. In addition, price is also an important consideration, especially for the market segment of students and workers who have limited budgets. The mobile coffee business continues to grow in various major cities in Indonesia. The Indonesian Coffee Association report (2023) noted that the number of mobile coffee businesses increased by 30% since 2019, with dominance in cities such as Jakarta, Bandung, Surabaya, and Yogyakarta.

Based on a report by Toffin Indonesia (2021), around 72% of coffee consumers in Indonesia prefer coffee priced below IDR 15,000 per cup, indicating that competitive pricing is a major factor in purchasing decisions, especially for college students who have limited budgets. However, amidst intensifying competition and changing consumer consumption patterns, the mobile coffee business cannot rely solely on

price. A study by Nielsen (2023) revealed that 63% of customers are likely to try a new brand if it offers interesting innovations, so innovation in flavor variants, interactive marketing strategies, and operational efficiency are important factors that must be considered in order for mobile coffee businesses to remain relevant and thrive in the long term.

In the mobile coffee business, Kopi Kelana emerged as one of the brands that successfully created innovations in the industry. Kopi Kelana is known as the pioneer of the first electric motorcycle-based mobile coffee in Surabaya that offers coffee at affordable prices while maintaining the quality of taste. Kopi Kelana utilizes digital marketing strategies effectively by leveraging Instagram and TikTok to build close relationships with customers through active interactions and creative content, such as “Pengelana POV” and “Jualan Kopi Keliling”. In addition to digital marketing, Kopi Kelana also relies on strategic locations around campuses and offices, allowing them to attract consumers who have high mobility and need coffee as part of their daily routine.

**Table 1.1 Sales Data of Kelana Coffee UPNVJT 2024**

Month	Number of Sales (cup)
January	4500
February	4250
March	4000
April	3850
May	4000
June	4150
July	4000
August	4050
September	4100
October	3900
November	3700
Desember	3500

Source : Direct Interview

Throughout 2024, the sales of Kopi Kelana, which operates in front of the campus of the National Development University “Veteran” East Java, experienced a significant downward trend. Based on the data shown in the table, the highest number of sales was recorded in January with more than 4,400 cups, but continued to decline until it reached its lowest point in December with less than 3,600 cups. Although these were some periods of increase in the middle of the year, the overall trend continued to show a decline in consumer purchasing power for this product.

The cause of the decline in sales from January to April was the emergence of many competitors who began to copy the Kopi Kelana concept. The existence of competitors with similar products gave consumers more choices, leading to a decline in customers. However, in

the April to June period, there was an increase in sales caused by Kopi Kelana being more active in utilizing social media as a marketing strategy. In addition, this period also saw the dry season, which increased the demand for cold coffee drinks. These factors contributed to the mid-year sales spike.

The second spike occurred in July, August, and September, which coincided with the launch of a new product, the Butterscotch Latte. This product received a positive response from consumers and managed to boost sales figures. However, after this period, the trend declined again in October, November, and December. This decline was influenced by weather conditions that began to enter the rainy season, so students became more reluctant to buy coffee on the go. Instead, they tend to choose conventional coffee shops that provide shade and a more comfortable atmosphere.

In addition to external factors such as weather and competition, product quality remains an important factor in maintaining purchasing decisions. If Kopi Kelana can maintain the quality of the taste, service, and raw materials used, then the potential to increase sales again remains open. Likewise with the pricing strategy, which needs to be considered in order to remain competitive amid the many other coffee shops that offer similar products at competitive prices. By paying attention to these aspects, Kopi Kelana can design a more effective strategy to maintain and increase its sales.



Source :<https://www.instagram.com/kopikelana.idn>

Figure 1.2 *Repost Testimonials from Customers on Social Media Accounts Kelana Coffee Instagram*

From the photo above, Kopi Kelana once again stole the attention of coffee lovers with the launch of its newest menu, Butterscotch Latte, which immediately received an extraordinary response from the wider community. With a unique flavor, a perfect blend of sweet butterscotch, smooth creamy milk, and a touch of coffee that is not too strong, this variant has successfully stolen the hearts of customers. Not only offering a delicious taste, Butterscotch Latte is also priced at a very affordable price, only Rp10,000, making it one of the latest favorites in the Kopi Kelana product lineup.

The enthusiasm of coffee lovers for this new menu was so exciting, so much so that many have left honest reviews on their personal Instagram. Total review posts about Kopi Kelana, including the Butterscotch Latte

variant, have now reached more than 1,600 posts, which are summarized in 16 highlight stories on the official @kopikelana.idn account, with each highlight containing 100 customer posts. This proves that Kopi Kelana is not just an ordinary traveling coffee, but has become part of the lifestyle of coffee lovers in Surabaya.

Some interesting reviews from customers:

1. "Buat yang nggak suka bitter-sweet coffee taste pasti bakal suka yang Butterscotch ini! Ada creamy sama manisnya pas, nggak medok!" – @tyaasofi.  
  
 “For those who don’t like the bitter-sweet coffee taste, they will definitely like this Butterscotch one! It’s creamy and just the right amount of sweetness!” - @tyaasofi.
2. "Nyobain varian baru ‘Butterscotch’ nya Kelana, beneran Bandid rasanya!  
  
 Ga rugi ta Kelana??? Cuma 10rb tapi seenak ini?" – @silviayunitarr.
3. "Tadi iseng beli @kopikelana.idn yang rasa Butterscotch Café Latte dan enak pol. Unik, ada rasa gurihnya dan nggak terlalu kuat kopinya. Worth it lah harga cuma 10K-an. Lain kali coba yang bubur dan varian lainnya!" – @yosuaseptiannew.

With its pocket-friendly price, unique and creamy taste, and thousands of positive customer reviews, Kopi Kelana’s Butterscotch Latte has further strengthened its position as a favorite roaming coffee brand in Surabaya.

Kopi Kelana’s success in maintaining its existence amidst competition

in the mobile coffee industry shows that product quality and price perception are important factors in consumer purchasing decisions. However, in the midst of its various advantages, Kopi Kelana also faces considerable challenges, especially in maintaining competitiveness in an increasingly competitive market. Many new brands are starting to adopt similar concepts, both in terms of pricing, business models, and marketing strategies. In addition, changes in consumption trends due to the increasing popularity of new beverage variants are also a challenge for the mobile coffee business. Therefore, Kopi Kelana needs to continue to innovate in terms of products, services, and marketing strategies in order to remain able to attract consumers' attention.

The launch of new variants such as Butterscotch Latte, which was widely discussed yesterday, can also be a factor that affects sales trends. This product was well received by the market, hence the significant spike in sales. However, if these innovations are not matched with effective promotions or do not suit the tastes of the majority of customers, their impact on sales could be limited. In addition, weather factors also play a role, where hot coffee consumption tends to be higher during the rainy season (early and late in the year), while during the dry season, customers may be more interested in more refreshing drinks.

At the beginning of its establishment, Kopi Kelana had 16 stalls with total sales averaging 360 cups per day. However, with more competitors in the market, sales are currently around 200-250 cups per day. Until now,



Kopi Kelana is estimated to have 20-25 units operating at various strategic points in Surabaya. One of Kopi Kelana's main strategies is to maintain the quality of its products. Although the price of coffee sold is relatively affordable, Kopi Kelana still uses quality coffee beans and has fixed serving standards. According to Hartanto & Sutrisno (2020), product quality plays an important role in building customer loyalty, especially in food and beverage-based businesses.

The study by Aghajannezhad & Rouholamini (2024) presents a data-driven model of the factors that influence purchasing decisions at the point of purchase. The model shows that perceived product quality and price have a significant influence on purchasing decisions. In addition, psychological factors such as post-purchase mental conflict are also a major consideration for consumers. This theory can be used to explain how Kelana Coffee consumers consider product quality and price before making a purchase.

With the growth of the mobile coffee business in Indonesia, more in-depth research is needed to understand the role of product quality and price perception in shaping consumer preferences. This study is relevant in providing insights for mobile coffee businesses, especially Kopi Kelana, in designing more effective business strategies. Dharmawan (2021) in his research states that strategic location, digital marketing, and consistent product quality are the main factors in the success of micro businesses in the food and beverage sector.

Research on the coffee industry in Indonesia mostly focuses on large cafes and franchises, while academic studies on mobile coffee as a unique business model are still very limited. Some studies such as Suryadi (2020) and Hartanto & Sutrisno (2020) have discussed factors that influence purchasing decisions in the food and beverage business, but have not specifically addressed how product quality and price perceptions influence mobile coffee purchasing decisions.

Digital marketing has become an important element in the mobile coffee business, there have not been many studies that specifically discuss the effectiveness of product quality and price perceptions in improving purchasing decision attitudes. Therefore, this study will fill the gap by analyzing the effect of product quality and price perception on purchasing decisions for Kopi Kelana, as well as understanding how digital marketing strategies can help maintain the competitiveness of this business.

## **1.2 Problem Formulation**

1. Does product quality affect the purchasing decision of Kelana Coffee?
2. Does price perception affect the purchasing decision of Kelana Coffee?

## **1.3 Research Objectives**

1. To examine the effect of product quality on purchasing decisions for Kelana Coffee.
2. To examine the effect of price perceptions on purchasing decisions for Kelana Coffee.

## **1.4 Research Benefits**

1. Theoretical Benefits

This research is expected to contribute to the development of marketing management science, especially in understanding the factors that influence consumer purchasing decisions. By examining the influence of product quality and price perceptions, this research can enrich academic insights regarding consumer behavior in the coffee industry. In addition, the results of this study can also be a reference for further research that wants to examine the marketing aspects of coffee products or the food and beverage industry in more depth.

2. Practical Benefits

This research can provide benefits for various parties, especially for business actors in the coffee industry, including Kopi Kelana as the object of research. The results of this study can serve as a reference for Kopi Kelana in designing more

effective marketing strategies, especially in improving product quality and setting prices in accordance with consumer expectations. By understanding the factors that most influence purchasing decisions, Kopi Kelana can increase competitiveness and increase sales. In addition, this research is also useful for other coffee businesses in developing marketing strategies that are more appropriate and based on consumer preferences.

This research can also provide benefits for customers, because they can better understand the factors that influence purchasing decisions, so that they can choose coffee products that meet their expectations both in terms of quality and price. In addition, the results of this study can also be a consideration for the government and coffee industry associations in formulating policies or strategies that can increase the competitiveness of the local coffee industry in facing competition in the market. Thus, this research not only contributes to the academic world, but also has a real impact on the coffee industry and its consumers.