

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

Indonesia have long well-known for its abundant agriculture. One of those product that known world-wide is Coffee beans. There are several provinces that produces coffee beans, and West Sumatera hold as the 10<sup>th</sup> places in all of Indonesia. Below are the table of provinces that hold top 10 coffee beans producer in Indonesia (Adira., 2023) :

**Table 1.1 Indonesian top 10 coffee beans producer**

No	Province	Production (Ton)	Region
1	Sumatera Selatan	198.000	Sumatera
2	Lampung	108.100	Sumatera
3	Sumatera Utara	87.900	Sumatera
4	Aceh	71.100	Sumatera
5	Bengkulu	55.000	Sumatera
6	Jawa Timur	48.100	Java
7	Sulawesi Selatan	27.500	Sulawesi
8	Jawa Tengah	26.000	Java
9	Nusa Tenggara Timur	25.100	Nusa Tenggara
10	Sumatera Barat	23.000	Sumatera

*Sources : Statistic Central Bureau, 2023*

Statistic Central Bureau imply that Sumatera province are the important contributor of coffee beands commodity, where Sumatera Selatan hold the 1<sup>st</sup> place of coffee beans commodity producer in 2023 with 198.000 ton produces. Also the list are dominated by other provinces in Sumatera as well. For West Sumatera, the

production of coffee beans in 2023 is 23.000 ton. This increase of production also align with the culture to consumpt coffee among Indonesian. Below are the table from the Indonesian Ministry of Agriculture about coffee consumption from 2016 towards 2025.

**Table 1.2 Indonesian Coffee Consumption**

No	Year	Consumption (Ton)
1	2016	249.824
2	2017	276.167
3	2018	314.365
4	2019	335.540
5	2020	353.885
6	2021	369.886
7	2022	379.665
8	2023	372.600
9	2024	368.752
10	2025	365.268

*Sources : Indonesian Ministry of Agriculture, 2023*

With abundant supply of coffee beans and supporting trend has cause the business of Coffee Shop Thriving. Coffee Shop itself is not a new business. Historically Indonesian have been consuming coffee even during the colonialism of Netherlands. In Padang for example, there are numerous local coffee shop that has been in business for decades. These local coffee shop commonly found near public area such as the market. Several example can be found in Pasar Raya and Pondok.

Nonetheless with the surging of new generations of coffee connoisseur, coffee shop now range between a traditional shop that serve traditional coffee to a sophisticated coffee shop which serve coffee that been thourgh the latest coffee processing method. The number of coffee shop in Padang has been constanly

growing, although there is yet official record from Indonesian Statistic Central Bureau. Almost in every corner of Padang city exist a coffee shop. Some of well-known brand even enter Padang such as FoRe, Janji Jiwa, and Kopi Kenangan. Not only domestic brand, foreign brand such as Starbucks also open an establishment in Padang on July 26, 2023.

## 1.2 Research Issues

While the potential of business for Coffee Shop quite appealing proven by how the aforementioned brand open their branch in Padang and the rapid expansion of local coffee shop, there is several issues that is concerning. With opportunity always comes with the competitor. Rapid growth and opening of new coffee shop is a testament of how tense the competition. The trend of coffee consumption is also uncertain, as trend tend to be capricious due to the swift changes of the consumer preferences. An owner of coffee shop are compelled to obtain the latest information about infromation of competitor and situation on the market. But how does the coffee shop owner in Padang collect the latest information? How adaptive they are towards the latest situation and stimulant wheter it is from competitor, or the shifting trend among the consumer?

Recent study by Yeni et al., (2023) which discuss how small-medium enterprise that produce coffee powder in Tanah Datar regency in West Sumatera react towards external shock that is Covid-19 by utilizing the influences of marketing mix found that these small-medium enterprise are not responsive towards external shock and have less willingness to innovate despite many of small-medium enterprise going

bankrupt due to Covid-19. These result can be concluded that the small-medium enterprise that produce coffee powder have low marketing agility, which is necessary for small-medium enterprise to continue its existnce in the market (Miller & Le Breton-Miller, 2017; Kalaiganam et al., 2021). If the local small-medium enterprise that support the local coffee shop, and have possibility to supply those coffee powder to local coffee shop in Padang have low marketing agility and not responsive towards external situation, it raise a concerning issues on local coffee shop situation in Padang.

Furthermore we also discuss about trends and segmentation. It is fact that there are rapid growth of coffee shop yet there is not actual insight about these coffee shop segmentation, whom are the target of their product and why they choose those segmentation. For trend, there is an unofficial movement in Padang that is boycott movement among the population in Padang. Due to this movement, some products and brands are banned by the locals. One of such brand is Starbucks which just open in Padang. While boycott itself is quite a predicament situation for boycott, there are yet observation on how the local coffee shop response towards such information.

Previous study that assess how local producer of coffee powder are not responsive to external condition and have a rigid marketing agility which lead them to less innovation, We believe for the local coffee shop might have different response and could utilize the situation in order to gain advantages. Nonetheless this assumption could be invalid and contradict with actual situation. In order to analyse the current situation while also gain the latest insight towards the condition of local coffee shop in Padang, proper research are deemed necessary.

With that in mind a research with title “Analysis of Marketing Agility and Customer Retention of Local Coffee Shop amidst of Starbucks Boycott in Padang” is proposed.

### **1.3 Research Question**

Base from the background and issue that previously elaborated, there are several question which are :

1. How is the marketing agility of local coffee shop in exploiting the boycott of Starbucks in Padang?
2. How is the segmentation of local coffee shop in Padang?
3. How is the customer retention of local coffee shop in Padang?
4. How is boycott influences towards the local coffee shop owner?
5. How the demography influences the owner of local coffee shop in Padang?
6. How Fear of Failure influences the owner of local coffee shop in Padang?

### **1.4 Research Purpose**

This research is conducted in order to give insight toward the issues and provide a solid comprehension of research question which is :

1. To assess the marketing agility of local coffee shop in exploiting the boycott of Starbucks in Padang
2. To assess the segmentation of local coffee shop in
3. To assess the customer retention of local coffee shop in Padang
4. To elaborate boycott influences towards the local coffee shop owner

5. To elaborate demography influences the owner of local coffee shop in Padang?
6. To elaborate the influences of Fear of Failure towards the owner of local coffee shop in Padang.

### **1.5 Research Scope**

The scope of the research entitled "ANALYSIS OF MARKETING AGILITY TOWARDS CUSTOMER RETENTION OF LOCAL COFFEE SHOP AMIDST OF STARBUCKS BOYCOTT IN PADANG" is classified into two parts: practical and theoretical. This research theoretically discusses marketing agility, positioning, and customer retention, or how to obtain a sustainable business for long-term business continuity. Meanwhile, practically, this research looks at the business in the food and beverage (F&B) sector, particularly coffee shop business in Padang area.

### **1.6 Research Contribution**

Results of these research could provide an insight towards the situation of the local coffee shop in Padang, how the owner maneuver the situation to ensure the stability of the business. Theoretically the results of this research could enrich the concept of marketing agility, or might provide additional information for the future research.

## **1.7 Outline of Research**

CHAPTER I INTRODUCTION: This section contains the background of the research, research questions, the objectives of the research, the benefits of the research, the scope of the research, and also the systematics of writing.

CHAPTER II LITERATURE REVIEW: This section describes the literature review for each variable, several previous studies that are related to the current research, as well as a conceptual framework and hypotheses.

CHAPTER III RESEARCH METHODS: This section contains the research design, an explanation of the operational definitions of each variable, the population and sample used, data collection techniques, and finally, data analysis techniques used in this study.

CHAPTER IV RESEARCH RESULTS AND DISCUSSION: This section provides an explanation of the research, including a discussion of the research object, the results of instrument testing, analysis of the findings, and hypothesis testing, ensuring the research's applicability.

CHAPTER V SUMMARY: This section presents the conclusions of the research, followed by its implications, the limitations encountered during the study, and the suggestions provided by the author.