



Proposed Integrated Marketing Communication Strategy at Serayu Kopi Medan

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ABSTRACT: Serayu Kopi is a food and beverage business that sells food and beverages, especially those made from coffee. Serayu Kopi was founded in 2017 with a vision to become a cafe that serves high quality food and drinks from local ingredients. Currently, Serayu Kopi has 18 employees to support its operational activities. Currently, Serayu Kopi is facing a problem where there is a very significant decline in sales from 2020. This is because the promotional mix has not been maximized to achieve sales targets. The author conducts internal and external analysis to reach the root cause of the Serayu Kopi problem. The internal analysis carried out is the current marketing strategy and the resource and capability framework. From the results of the internal analysis, it was found that the promotional mix carried out by Serayu was not optimal to achieve its target. The author conducted an external analysis consisting of PESTLE, Competitor analysis, and consumer analysis. From the results of the competitor analysis, it was found that competitors did a better promotional mix than Serayu. From the results of consumer analysis, researchers used the SEM PLS application in processing questionnaires and it was found that the target market of Serayu only chose 3 variables from Integrated Marketing Communications that were suitable for visit Intentions, namely: Advertising, Sales Promotion, and Personal Selling. These 3 variables are considered by consumers to be the main key in increasing Visit Intention. The results of the study reveal that the root cause of the decline in sales at Serayu Kopi is the gap between integrated marketing communications that are being carried out with expectations from consumers and promotions carried out by competitors. Therefore, the author gives two suggestions, namely improvements to integrated marketing communications that focus on 3 variables that are significantly related to visit intention, namely: Advertising, Sales Promotion and Personal Selling; and reducing the cost of production in order to maximize the profits found in running sales promotions.

KEYWORDS: Advertising, IMC Strategy, Promotional Mix, Personal Selling, Sales Promotion.

I. INTRODUCTION

The food and beverage industry recently made a significant contribution to the Indonesian economy. This sector's growth and investment worth has continued to rise in recent years. In the third quarter of 2016, the food and beverages industry contributed 33.6 percent to the non-oil and gas industry's Gross Domestic Product (GDP). The food industry gained 6.95 percent in 2016, contributing 4.73 percent to Indonesian GDP. This industry also generated USD 456.6 million in exports while employing over 4 million people. According to the Ministry of Industry (2017), Indonesian food and beverage businesses have an opportunity to win the Asian Economic Community (AEC) competition in cooperation with the government to improve their competitiveness. One of the sectors that is driving the food and business industry in Indonesia is the coffee and tea industry, this is shown by GNPD (Global New Products Database) (2017) there was an increase in coffee consumption by 95% compared to tea consumption which only increased by 55% at the same time. Global Mintel Consulting conducted research and resulted in 2017 Asia will be the largest consumer of coffee in the world. There are top 4 countries with the highest consumption of coffee in the world, which are Indonesia (19.6%), Turkey (17.5%), India (15.1%), and Vietnam (14.9%). This has an impact on increasing the number of coffee shops in Indonesia and resulting in increased demand for coffee in plantation areas. North Sumatera is one of the well-known provinces in the coffee-producing region both domestically and globally, there are several types of coffee beans that are produced in North Sumatera such as: Kopi Lintong, Kopi Sidikalang, Kopi Samosir, Kopi Gayo, and Kopi Mandailing. According to Statista survey conducted in 2021 Indonesia domestic coffee consumption from 2018 to 2019 increased to 4.8 thousand in 60kg bags. International Coffee Organization in 2021 reported there is an increase in domestic coffee consumption in the 2019-2021 period, reaching up to 5 thousand in 60kg bags.



a) Company Profile

Serayu Kopi is a small medium enterprise engaged in the food and beverage sector. Serayu kopi has been established since 2017 and currently has 18 employees. Serayu Kopi's founder, Nino Maulana, started this business with minimal capital and has the goal of introducing Gayo coffee to the local Medan citizens at a more affordable price and better quality. The beginning of Serayu Kopi was founded because Nino Maulana quit his job at his own enterprise bank and decided to start a business in the food and beverage world in the hope of earning more income. In 2017 there were many coffee shops selling similar products to Serayu Kopi, but Serayu Kopi remains the market leader in this industry. This is because Serayu Kopi has stable food and beverage quality. Nino as the owner maintains the quality of his food and drinks by maintaining the consistency of the raw materials used. For example, for coffee beans, Nino has a direct partnership with coffee farmers in Gayo Aceh, and for processing green beans into roast beans, Nino has his own roasting machine so he can control the quality of the coffee he sells. This also makes competitors buy coffee roast beans to Serayu Kopi to be marketed in their café. Recently, Serayu Kopi is known for its tagline, "The Greatest Sanger in Indonesia". The tagline was obtained from consumers who almost all ordered sanger coffee.

b) Business Issue

Since its inception in 2017 Serayu Kopi has been running successfully until 2020, but in early 2020 Serayu Kopi's sales experienced a significant decline. Previously, Serayu Kopi was able to record sales of Rp. 7 - 8 millions / day, but in early 2020 Serayu Kopi was only able to record sales of Rp. 3 - 4 millions/day. This decrease in revenue occurred due to the reduced number of customers who came to Serayu Kopi, and Serayu Kopi could not depend on its current customers which resulted in not achieving its sales target. Therefore, the author wants to propose a marketing communication strategy to increase the market volume of Serayu Kopi with the aim of increasing its sales.

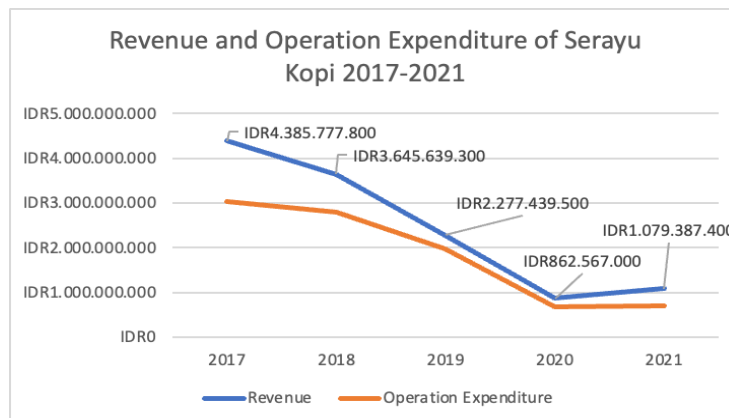


Figure 1.1 Revenue and Operation Expenditure of Serayu Kopi from 2017-2021
Source: Serayu Kopi

Based on the revenue graph above, there was a very significant decrease in the amount of revenue at the beginning of 2020. Researchers have conducted interviews with 5 guest customers of Serayu Kopi, and with the Manager of Serayu Kopi. The researcher asked about the marketing that has been done by Serayu Kopi, based on the results of the interview, it was concluded that Serayu Kopi was still lacking in terms of marketing communication. So, the author wants to do a proposed integrated marketing communication to increase sales and visit intention to Serayu Kopi.

II. BUSINESS ISSUE EXPLORATION

This chapter will elaborate more in the business issue that is currently faced by Serayu kopi. The business issue will be analyzed by using internal and external analysis. The first chapter of the problem solving process is the identification of business issue that Serayu kopi currently faced, and the determination of the research objective based on the business issues that have been done using qualitative research by conducting in depth interview with Serayu kopi owner and customers. The internal analysis was conducted by using current strategies analysis which consisting of : STP, 7P Marketing mix; and resources and capabilities framework. For the external analysis, the author use PESTLE analysis to identify the threat and weakness in the political, legal, and economics



factors. Competitor analysis is used by the author to identify the strength and weakness of Serayu kopi compared to its competitor especially in the promotional mix, Consumer analysis also conducted by the author by spreading Integrated Marketing Communication questionnaire to 203 sample of respondents in order to find out the relationship between IMC and visit intention according to the target market of Serayu Kopi

a) *Internal Analysis*

Internal analysis is conducted to determine the strengths and weakness of Serayu kopi. The following are the findings obtained from the analysis that has been carried out :

- **STP** : Segmentation, Targeting, and Positioning (STP) is a strategic marketing method for the market that helps in understanding how effectively a company plans various marketing initiatives to compete in that market and how those initiatives relate to the larger market. For the market segmentation, Serayu segmented its market to people lived in Medan, with the range of age between 17-39 years old, middle low to high class of income, with the occupation high school students, college students, and workers. The positioning strategy used by Serayu Kopi is to become a coffee shop that sells the best quality coffee beans in its class. This is shown by Serayu Kopi working directly with coffee farmers in Gayo, Aceh to get consistent coffee beans. Customers also know that one of the signature menus from Serayu Kopi is Sanger Coffee. This positioning strategy can also be seen from the Serayu Kopi tagline "Sanger Terenak Se Indonesia Raya" This makes consumers know Serayu Kopi with its sanger.
- **Resource and Capabilities** : Resources, capabilities are the basis of competitive advantage. Resources are combined to create organizational capabilities. In turn, capabilities are the source of a company's core competencies, which are the basis for building competitive advantage. For the resource the author divided in to two resources, which are tangible and intangible resources. For tangible resources, Serayu Kopi has financial resources with high capacity to borrow, organizational resources consisting of kitchen, bar, finance and marketing divisions. Physical resources such as high end espresso and grinder machines, unique food and beverages products, cozy interior design. Technological resources owned by Serayu are POS (Point of Sales) applications that support sustainable development by giving struck via email. For Intangible resources, Serayu Kopi has human resources with trained skills, innovation resources, and reputational resources. For Capabilities, there are two main capabilities, namely creating products with a consistent taste, and marketing capabilities such as holding promotions and live music regularly to invite consumers.
- **Marketing Mix 7P** : the marketing mix 7P's framework can be applied to consumer goods, marketing situations, and demonstrates the clear advantages better than the 4 P's framework. Previous surveys have also been conducted on European marketing academics, who tried to assess the level of dissatisfaction with the 4P concept and acceptance of the 7P framework as a general framework. The 7P's marketing mix consists of : Product, Price, Place, Promotion, Participants / people, Physical Evidence, Process. For the product, Serayu has more than 70 products of food and beverages, Of all the menus, there are food and beverage menus that are most purchased by customers, namely: underground fried rice for food, and sanger for drinks. This food and drink is very popular with customers because it has a distinctive taste that cannot be found in competitor restaurants. For the price, Serayu offers from Rp 15.000 – Rp. 33.000 for their products. For the place Serayu was located in the main road and near of 5 strategic universities. For promotions, Serayu used media social such as intagram to promote their advertising and sales promotion.

b) *External Analysis*

External environmental analysis is an analysis of external factors or situations and conditions that are outside the organization directly or indirectly that can affect organizational performance. The following are the results of the external analysis:

- **PESTLE** : Pestle analysis is used as a situation analysis tool for the purpose of evaluating the business and is one of the most widely used models in evaluating the external business environment because it is very dynamic. This framework consists of six analyses including politics, economics, socio-cultural, technology, and ecology. For the political factor, there are no regulations from the government that burden the Food and Beverage business. For economic factors in 2021, Indonesia's GDP growth has increased by 5.74% to 3.69%. This proves that public consumption has increased and is recovering from the covid 19 pandemic. Lending interest rates have also decreased by 9% from 2020, this provides good opportunities for the community and business owners.

- Competitor Analysis :** Competitor analysis is used to help the researcher identify both direct and indirect competitors of the company. This is done to gather information about what competitors are doing that can threaten the company and hinder growth. In conducting competitor analysis, the author uses 7P frameworks to analyze the performance of competitors, especially in the promotional mix. From the results of competitors, it was found that competitors did promotions for advertising and sales promotion with a higher frequency than Serayu Kopi. It is also found that competitors have the advantage of selling products at lower prices than Serayu.
- Consumer Analysis :** Customer analysis is a tool that can help a company understand its customers' specific needs and identify an ideal potential customer profile for the company in order to develop marketing plans and ensure that the product or service provided to the targeted customer met their needs. In this research the sampling is limited to people who live in Medan with the gender men and women with an age range of 17-39 years according to Serayu Kopi market segmentation. This research is included in problem solving research and conducts a minimum sample size of 200 respondents. The questionnaire consists of 5 independent variables, 1 intervening variable and 1 dependent variable, namely: Advertising (X1), Direct Marketing (X2), Sales Promotion (X3), Personal Selling (X4), Public Relations (X5) as the independent variables, Consumer Attitudes (Y) as the intervening variables, and Visit Intention (Z) as the dependent variables.

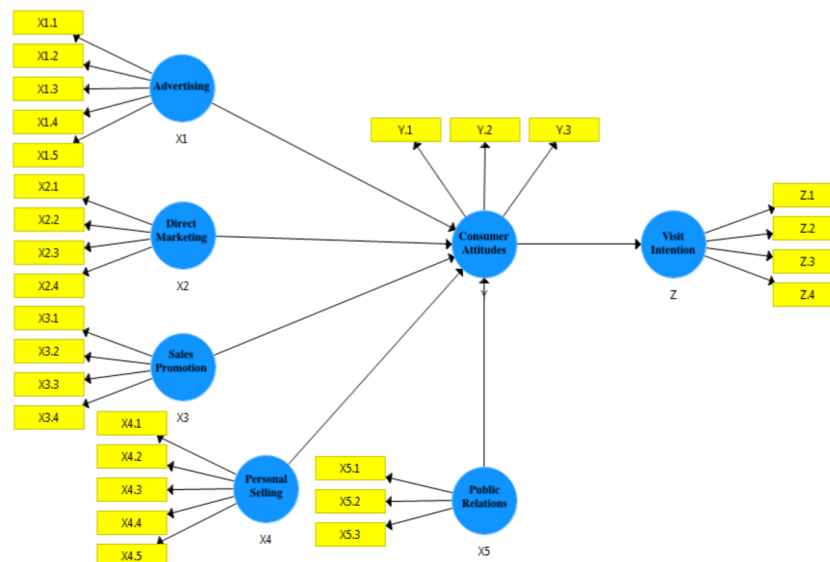


Figure 2.1 Conceptual Framework of Customer Analysis

Source: Researcher Analysis, 2022

The validity and reliability test of the questionnaire distributed to the first 30 respondents before reaching the minimum sample size of 200 respondents. The questionnaire consists of 5 independent variables, 1 intervening variable and 1 dependent variable, namely: Advertising (X1), Direct Marketing (X2), Sales Promotion (X3), Personal Selling (X4), Public Relations (X5), Consumer Attitudes (Y), and Visit Intention (Z) with the introduction data of 30 respondents. From the results of the validity and reliability tests, it was found that all questions from each questionnaire were valid and reliable. The researcher also conducted a descriptive analysis to determine the mean of each question in each of the variables in the questionnaire. This descriptive analysis aims to provide a basis for the author in determining the implementation plan of the proposed strategy. From the total 7 variables in the questionnaire, there were 28 total questions distributed. Researchers also tested the inner and outer models using the PLS SEM software, by testing the validity and reliability then it was found that all the questionnaires were valid and reliable from 203 respondents. Researchers conducted two hypothesis tests, namely the influence of Advertising (X1), Direct Marketing (X2), Sales Promotion (X3), Personal Selling (X4), Public Relations (X5) on Consumer Attitude (Y) and the influence of consumer attitude (Y) on Visit Intention (Z), and Results Direct Effects of Advertising (X1), Direct Marketing (X2), Sales Promotion (X3), Personal Selling (X4), Public Relations (X5) On Visit Intention (Z) Through Consumer Attitude Variables (Y) as Intervening Variables. From the results of the two hypothesis test, there are 2 variables that are not significantly related to visit intention at Serayu Kopi, namely X2 (Direct



Marketing) and X5 (Public Relations). Meanwhile, the other 3 IMC variables are positively related to visit intention, namely: advertising, sales promotion, and personal selling.

Table 2.1 Hypotesis Test Results

| | Original Sample | T-Statistics | P-Values | Description |
|--------------|-----------------|--------------|----------|-------------|
| X1 -> Y -> Z | 0.149 | 3.211 | 0.001 | Accepted |
| X2 -> Y -> Z | 0.005 | 0.096 | 0.462 | Rejected |
| X3 -> Y -> Z | 0.202 | 3.006 | 0.001 | Accepted |
| X4 -> Y -> Z | 0.171 | 2.758 | 0.003 | Accepted |
| X5 -> Y -> Z | -0.022 | 0.374 | 0.354 | Rejected |

Based on the results of the direct effect hypothesis test from advertising, direct marketing, sales promotion, personal selling, public relations on visit intention through consumers attitude as the intervening variable, there are 2 variables that do not have a significant relationship to visit intention. Consumers of the target market serayu perceive that direct marketing and public relations do not have a positive relationship to increase their intention to visit a coffee shop.

III. BUSINESS SOLUTION

a) TOWS Matrix

The TOWS matrix is a framework for creating, comparing, deciding on, and implementing business plans. Threats, Opportunities, Weaknesses, and Strengths are represented by the acronym. It examines a company from a managerial and marketing perspective. The following are the results of the TOWS Matrix based on internal and external analysis of the Serayu Kopi.

Table 3.1 TOWS Matrix

| | Strength | Weakness |
|---|---|--|
| | S1. Strategic location in front of main road. S2. Attractive interior design and building. S3. Signature drink that no other place has which is sanger coffee. S4. Weekly routine live music | W1. Outdoor place could get affected with uncertain wheater. W2. Lack of promotion system. W3. High price for most dishes. |
| Opportunity | S-O Strategies | W-O Strategies |
| O1. High grow market with little competitors. O2. Opportunity to improve the performance of integrated marketing communication O3. Large and suitable Serayu’s place to hold an events. O4. Registered at commercial application such as Grab O5. Lending some money with low lending interest rate in order to increase employee performance or increasing seat capacity. | SO.1 improve the quality of the marketing communication strategy such as advertising, personal selling, sales promotion to increase visit intention (S1,S2,S3,O1,O2,O4) SO.2 maintain the quality of food and beverages to increase loyal customers (S2,S3,O1,O4) SO.3. Utilizing a large dining area and strategic location to hold events that attract visitors (S1,S2,S4,O3,O5) | WO.1 Renovating so that the outdoor dining area is not affected by the unpredictable weather in order to increase customer comfort (W1,O3,O5) WO.2 Increase promotion from advertising and direct marketing to increase sales (W2,O1,O2,O4) WO.3 Changing suppliers to reduce the cost of production to support the IMC strategies especially in doing Sales Promotion (W3,O2,O5) |



| Threat | S-T Strategies | W-T Strategies |
|---|--|---|
| <p>T1. Many substitutes mini cafes around the area. T2. Competitor with lower dish's price. T3. Loyal customer at other café. T4. Other competitor which have larger area of indoor dining.</p> | <p>ST.1 Maintaining a comfortable design so as not to be affected by a mini cafe that does not have a dine-in area (S1,S2,T1,T2,T4) ST.2 Adding signature drink and food to increase loyal and potential customers (S3,T2,T3,T4) ST.3 Adding variety to existing events so customers don't get bored (S4,T1,T4)</p> | <p>WT.1 Carry out direct marketing promotions to potential customers by direct message in Instagram to increase visit intention (W2,T1,T3,T4) WT.2 Adding facilities in indoor area to increase customer convenience when eating or drinking (W1,T1,T3,T4) WT.3 Create a sales promotion in order to increase visit intention (W2,W3,T1,T2,T3)</p> |

As we can see from the TOWS matrix, there are several strategies that may be applied by the company in order to grow its business. Even though, not all strategies can be implemented at the same time, because the author wants to focus on solving the Integrated Marketing Communication problem at Serayu Kopi as the root cause of the decreasing sales

IV. CONCLUSION & RECOMMENDATION

a) Conclusion

Based on this research, there are several current opportunities and threats were found from Serayu, namely: High grow market with little competitors, opportunity to improve the performance of integrated marketing communication, large and Suitable Serayu's place to hold events, registered at commercial application such as Grab, lending some money with low interest rate to increase employee performance or increasing seat capacity. For the current threats to Serayu Kopi are many substitutes mini café around the area, Competitors with lower dish's price, Loyal customer at other's café, Other's competitors which have larger area of dining. For the strength of Serayu include Strategic location in front of main road, attractive interior design and building, a signature drink of Serayu kopi that no other place has, which is coffee sanger, weekly routine live music. For the weakness are outdoor place could get affected with uncertain weather, Lack of promotion system, High price for most dishes.

b) Recommendation

The author will propose 2 main strategies to Serayu Kopi to increase their visit intention, the two strategies that proposed to be implemented at this time are Integrated Marketing in accordance with Serayu's target market, namely Advertising, Personal selling, and Sales promotion, and Efforts to reduce production costs in order to provide sales promotion with a fixed profit. Below will be explained by the author:

- “Improve the quality of the marketing communication strategy such as advertising, personal selling, sales promotion to increase visit intention” Based on the analysis that has been done previously, there are 3 variables that will affect the increase in interest in visiting Serayu Kopi. The variables are advertising, personal selling, sales promotion. For the implementation will explain at the table 4.1 below.
- “Changing suppliers to reduce the cost of production to support the IMC strategies especially in doing Sales Promotion” This strategy is carried out for food and beverages and has an action plan as follows: monitor the increase of raw materials price used by Serayu, conducted research looking for other suppliers, then adjust the budget with new suppliers. If the price of raw materials is right, Serayu can make a cooperation contract to bind the price, so it doesn't increase. After the collaboration is carried out, Serayu must evaluate the supplier's performance. By decreasing the cost of production, Serayu will benefit in making sales promotions and still get a fixed profit. This can support Serayu's proposed Integrated Marketing Communication strategy.



Table 4.1 Implementation Plan

| Strategies | Action Plan | KPI | Timeline (2022-2023) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------------------------|---|----------------------|---|---|---|-----|---|---|---|-----|---|---|---|-----|---|---|---|-----|---|---|---|-----|---|---|---|--|--|--|--|
| | | | Okt | | | | Nov | | | | Des | | | | Jan | | | | Feb | | | | Mar | | | | | | | |
| | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | | | | |
| 1. Improve the quality of the marketing communication strategy such as advertising, personal selling, sales promotion to increase visit intention “IMC Strategy” | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising | Create advertising content | Content related to hanging out with friends and working in a coffee shop, according to consumer analysis | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Post the advertising content | Content published on social media | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Monitoring the advertising content | Check the account reached on the content | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Evaluate the advertising content | Increasing the engagement from the content, such as followers and viewers | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Launch the next advertising content | Create another or more attractive content to post according to the consumer wants in the consumer analysis. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Personal Selling | Monitor employee | Collect data of current employee’s performance | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

