

STRATEGY INNOVATION FOR TAZA MIA COFFEE, PHILIPPINES: SERVICE QUALITY APPROACH

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ABSTRACT

The study was conducted to propose an enhancement of service quality in Taza Mia Coffee, Sto. Tomas, Batangas, a small-scale family-owned company. The researchers aimed to determine the demographic profile of the respondents, the expectations and ratings of consumers to the areas and determine if there is significant difference on the expectations and ratings of respondents on the areas when grouped according to age, gender and occupation. The findings of the study showed that most of the consumers of TMC are female employees, aged 12 to 25 years old. As for the expectations of consumers, the taste and flavor of food is the most important area with a mean score of 4.69/5, while the lowest area is Wi-Fi connection with a mean score of 3.93/5. As for the ratings of consumers, grooming and appearance of staff has the highest mean score of 4.49/5 and the restroom has the lowest mean score of 3.6/5. Further, there is a significant difference in the areas for expectations when grouped according to gender and occupation, and these are: reasonable prices ($p=0.036$), presentation of food ($p=0.002$), waiting time for order ($p=0.011$), grooming and appearance of staff ($p=0.024$), friendliness and courtesy of staff ($p=0.011$), restroom ($p=0.038$), variety of offering ($p=0.026$) and parking ($p=0.016$). Competitive Profile Matrix (CPM) was prepared using an online survey of customers of TMC as well as its main competitors in the area. SWOT and confrontation matrix was prepared to ascertain strategic options for the company.

Keywords: *service quality, competitive profile matrix, SWOT confrontation, business strategy, enhancement.*

INTRODUCTION

The study focuses on the enhancement of service quality in Taza Mia Coffee, Sto. Tomas, Batangas. It is a franchise family business owned and managed by Ms. Geraldine Enriquez. Taza Mia Corporation is owned by Mr. Rodel G. Lacorte, together with his wife and key personnel. Taza Mia Coffee is inclined on expanding nationwide through franchising and even set up shops in ASEAN countries through joint ventures and partnerships especially now with the impending ASEAN integration. Likewise, they are currently building their main Commissary that will supply coffee in all the branches of Taza Mia Coffee. The researchers chose to focus on the enhancement of service quality because the success of the service provider depends on a high-quality relationship with customers (Panda, 2003) which determines customer satisfaction and loyalty. The enhancement of service quality is essential, especially in this age of service. Competition among food outlets has become fiercer. Companies need to compete because this is an age of competition, especially on the service side. Consumers value not only products but also relationship with companies (Atento, 2012) and put it as buying loyalty with service (Walker, 2013).

This study will help improve the business as well as its strategies and service quality in order to gain customer's trust and loyalty as well as to know their competitive edge among other competitors.

Literature Review

Service quality is defined in terms of reducing the gap between the customer expectations and the service provided. Expectations is one of the focus dimensions on service quality research (Hernon & Nitecki, 1999). If companies want to increase the service quality, the gap needs to be narrowed.

The potential payoff is considerable from an improved quality of service. The goal of every organization is to provide excellent service, which leads to greater efficiency and effectiveness, and a loyal customer base (Zeithaml, et. al., 1990).

Hanson (2000) suggested that service quality shows the ability of an organization to meet customer's needs and desires. So to meet the customer's demand, the business must improve their service. It is found that the perception of customers in the service quality is very significant for managers or owner of a business in competing in the market (Hoffman & Bateson, 2002).

Westbrook & Oliver (1981) reported that the outcome of the evaluation of customers with the experienced linked with a specific service provider is an overall satisfaction. It is observed that the concentration on customer expectations of an organization results into greater satisfaction (Peters & Waterman, 1982).

The most popular measure of service quality is SERVQUAL, an instrument developed by Parasuraman, et. al. (1988). According to Berry, et. al. (1985) and Zeithaml & Bitner (1996), the five specific dimensions of service quality are: (1) Tangibles, the appearance of physical facilities, equipment, staffs, and other written materials; (2) Reliability, the ability to perform the required and promised services dependably and accurately; (3) Responsiveness, the willingness to approach and help customers and to provide prompt service; (4) Assurance, the knowledge and courtesy of staffs and their capability to inspire trust and confidence; and (5) Empathy, the caring and individual attention for the customers provided by the business.

In a similar research by Atento (2012), they evaluated the current operations of the two branches of The Park, Calamba branch and Tanauan

branch. The goal of the study was to determine the current and future needs and to present strategic and specific recommendations to improve the operations of the park as well as to improve the customer perception of The Park's product and service. The study proved how important the areas are in assessing service quality perceptions and expectations in order to gain successful operations of the business. One of the strategies that they use is the SWOT Analysis and the Confrontation Matrix of SWOT resulting in the effectiveness of this environmental analysis in enhancing business operations, products and services.

According to the research study of Dereje Beyene (2008) entitled "Factors Influencing Customer Satisfaction of Selected College Cafeteria", it determined which variables best predict the likeliness of customer satisfaction. In the findings of the study, majority of the respondents indicated that they are more likely to be satisfied if the cafeterias will focus on employee service, quality of food, food variation, ambiance of place, serving time and realistic in setting the price.

Researchers have started to develop a process by which delivering high quality of product and influence of quality of services through customer satisfaction.

METHODOLOGY

Subjects of the Research

This study utilized the descriptive research. The researchers used a descriptive sample survey to accumulate information and data regarding this study. The researchers used Yamane's Formula to get the total number of respondents which is forty-five (45); twenty-five (25) are female and the remaining twenty (20) are male. The method emphasized the perception of

the respondents particularly the customers and patrons of Taza Mia Coffee on the service quality of the business. The data gathered were then collated, summarized, analyzed and interpreted.

Data Analysis

The researchers used percentage and weighted mean. The researchers also utilized Statistical Package for Social Sciences (SPSS) in computing the p-value of the areas grouped according to age, gender and occupation.

RESULTS

Survey Results

The demographic profile of the respondents is looked upon in terms of age, gender and occupation.

Table 1. Demographic profile of the respondents

Category	Frequency	Percentage (%)
Age	12-25	53.33
	26-38	37.78
	39-51	6.67
	52-65	2.22
Gender	Male	44.44
	Female	55.56
Occupation	Student	33.33
	Self-Employed	8.89
	Employed	51.11
	Unemployed	6.67

Table 1 shows the demographic profile of respondents. The data shows that most of the customers dining at Taza Mia Coffee are aged 12 to

25 years old which is 53.33% of the total respondents and shows that there are more female than male customers. Further, there are more employed respondents than other categories for occupation.

Table 2. Distribution of respondents in terms of expectations

Areas	LI	NI	INI	I	MI	Weighted Mean	Interpretation
Taste and Flavor of food	0	0	0	14	31	4.69	MI
Ambiance	0	0	1	13	31	4.67	MI
Friendliness and courtesy of staff	0	0	3	11	31	4.62	MI
Grooming and appearance of staff	0	0	1	16	28	4.6	MI
Accessibility	0	0	1	18	26	4.56	MI
Presentation of food	0	0	0	20	25	4.56	MI
Reasonable prices	0	0	3	15	27	4.53	MI
Restroom	0	0	4	13	28	4.53	MI
Facilities and Equipment	0	1	4	14	26	4.44	I
Variety of offering	0	0	3	19	23	4.44	I
Queuing	0	0	4	18	23	4.42	I
Security	0	0	7	12	26	4.42	I
Promptness and Efficiency	0	0	7	15	23	4.36	I
Waiting time for order	0	1	3	20	21	4.36	I
Parking	1	0	9	12	23	4.24	I
Wi-Fi Connection	0	3	12	15	15	3.93	I
AVERAGE WEIGHTED MEAN						4.46	I

Table 2 shows the distribution on how important are the mentioned areas to customers with the use of Likert scale of 1 to 5 where 5 is Most Important (MI), 4 is Important (I), 3 is Important or Not Important (INI), 2 is Not Important (NI), and 1 is Least Important (LI).

The Wi-Fi Connection, having a weighted mean of 3.93, is the lowest among other areas though interpreted still as important. On the other hand, Taste and Flavor of Food (Mean = 4.69) is the highest, which is interpreted as the “most important factor” in satisfying the customers. Most of the answer of the respondents according to other areas is “important” which results to average weighted mean of 4.46 overall.

Table 3. Distribution of respondents in terms of ratings

Areas	MLE	LE	ME	EE	GEE	Weighted Mean	Interpretation
Grooming and appearance of staff	0	0	3	17	25	4.49	EE
Friendliness and courtesy of staff	0	1	4	16	24	4.4	EE
Ambiance	0	0	5	18	22	4.38	EE
Accessibility	0	1	6	14	24	4.36	EE
Presentation of food	0	1	6	19	19	4.24	EE
Queuing	0	1	9	16	19	4.18	EE
Taste and Flavor of food	0	1	6	22	16	4.18	EE
Variety of offering	0	1	11	12	21	4.18	EE
Reasonable prices	0	0	11	16	18	4.16	EE

(Table continues)

Areas	MLE	LE	ME	EE	GEE	Weighted Mean	Interpretation
Waiting time for order	0	3	5	19	18	4.16	EE
Facilities and Equipment	0	2	9	15	19	4.13	EE
Parking	1	0	8	19	17	4.13	EE
Promptness and Efficiency	0	0	9	22	14	4.11	EE
Wi-Fi Connection	1	4	7	15	18	4	EE
Security	0	3	15	15	12	3.8	EE
Restroom	2	3	16	14	10	3.6	EE
AVERAGE WEIGHTED MEAN						4.16	EE

Table 3 shows the distribution in terms of perception rate of the customers in the areas mentioned. The rate is based on the following scale: 5 is Greatly Exceed Expectations, 4 is Exceed Expectations, 3 is Matched Expectations, 2 is Less than Expected, 1 is Much Less than Expected.

The Grooming and Appearance of staff, having a weighted mean of 4.49, is the highest among other areas interpreted as 'exceed expectations' and the Restroom, having a weighted mean of 3.6, is the lowest among the other areas but interpreted also as 'exceed expectations'. Most of the respondents, according to other areas, exceed their expectations that result to average weighted mean of 4.16.

Table 4. Summary of Respondent's Expectations Grouped According to Gender.

Areas	Male	Female	P-value	Interpretation
Variety of offering	4.45	4.36	0.682	Not Significant
Promptness and Efficiency	4.45	4.24	0.349	Not Significant
Taste and Flavor of food	4.75	4.6	0.3	Not Significant
Queuing	4.55	4.32	0.248	Not Significant
Facilities and Equipment	4.6	4.32	0.221	Not Significant
Parking	4.45	4.08	0.189	Not Significant
Security	4.6	4.28	0.159	Not Significant
Wi-Fi Connection	4.2	4.76	0.125	Not Significant
Accessibility	4.7	4.44	0.113	Not Significant
Ambiance	4.8	4.52	0.077	Not Significant
Restroom	4.75	4.32	0.038	Significant
Reasonable prices	4.75	4.36	0.036	Significant
Grooming and Appearance of staff	4.8	4.44	0.024	Significant
Waiting time for order	4.65	4.12	0.011	Significant
Friendliness and Courtesy of staff	4.9	4.48	0.011	Significant
Presentation of food	4.8	4.36	0.002	Significant

*Significant if p is < 0.05

Table 4 shows that according to expectations as to gender of respondents, there is a significant difference on the following areas: reasonable prices with $p=0.036$, presentation of food $p=0.002$, waiting time for order has $p=0.011$, grooming and appearance of staff $p=0.024$, friendliness and courtesy of staff with $p=0.011$ and restroom with $p=0.038$.

Table 5. Summary of Respondent's Expectations Grouped According to Occupation.

Areas	S	E	SE	U	P-value	Interpretation
Queuing	4.3333	4.4783	4.5	4.3333	0.913	Not Significant
Grooming and Appearance of staff	4.5333	4.6087	4.75	4.6667	0.905	Not Significant
Facilities and Equipment	4.3333	4.5217	4.25	4.6667	0.791	Not Significant
Reasonable prices	4.4	4.6087	4.5	4.6667	0.774	Not Significant
Waiting time for order	4.4667	4.3478	4.25	4	0.765	Not Significant
Ambiance	4.6	4.7391	4.5	4.3333	0.55	Not Significant
Accessibility	4.4667	4.6522	4.25	4.6667	0.489	Not Significant
Security	4.2	4.6087	4.25	4.3333	0.408	Not Significant
Taste and Flavor of food	4.5333	4.7826	4.5	4.6667	0.399	Not Significant
Presentation of food	4.6	4.4783	4.5	5	0.394	Not Significant
Friendliness and Courtesy of staff	4.4667	4.7391	4.75	5	0.343	Not Significant
Promptness and Efficiency	4.3333	4.2609	5	4	0.256	Not Significant
Restroom	4.2667	4.6522	4.25	5	0.183	Not Significant
Wi-Fi Connection	3.7333	4.0435	4.75	3.3333	0.166	Not Significant
Variety of offering	4.6	4.3478	4.75	3.3333	0.026	Significant
Parking	4.6667	4.5217	4.25	5	0.016	Significant

*Significant if p is < 0.05

Table 5 shows the segmentation of responses for customers who are students, employed, self-employed, and those who are unemployed. Customer's occupation has a significant difference according to their expectations, and these are Variety of offering ($p=0.026$) and Parking ($p=0.016$).

Competitive Profile Matrix

The researchers identify the strategic positioning of Taza Mia Coffee in relation to its strengths and weaknesses against its competitors in the area which are Starbucks Coffee and Boss Pete through an online survey presented in the Competitive Profile Matrix.

The Competitive Profile Matrix identifies the major competitors of the business and its particular strengths and weaknesses in relation to a strategic position of a sample business.

Table 6. Competitive Profile Matrix

CRITICAL SUCCESS FACTORS	Taza Mia Coffee			Starbucks			Boss Pete		
	Weight	Rank	W.S	Weight	Rank	W.S	Weight	Rank	W.S
Taste and Flavor of food	0.10	4	0.4	0.10	4	0.4	0.10	3	0.3
Promptness and efficiency	0.10	4	0.4	0.10	4	0.4	0.10	3	0.3
Variety of offering	0.07	4	0.28	0.07	4	0.28	0.07	3	0.21
Wi-Fi Connection	0.02	3	0.06	0.02	1	0.2	0.02	3	0.06
Reasonable prices	0.08	3	0.24	0.08	4	0.32	0.08	3	0.24
Presentation of food	0.04	3	0.12	0.04	3	0.12	0.04	3	0.12
Waiting time for order	0.06	4	0.18	0.06	4	0.24	0.06	3	0.18
Ambiance	0.05	3	0.15	0.05	4	0.20	0.05	3	0.15
Grooming and appearance of staff	0.04	3	0.12	0.04	3	0.12	0.04	3	0.12
Friendliness and courtesy of staff	0.04	4	0.16	0.04	4	0.16	0.04	3	0.12
Parking	0.03	3	0.09	0.03	3	0.09	0.03	3	0.09
Restroom	0.08	2	0.16	0.08	4	0.32	0.08	3	0.24
Queuing	0.03	3	0.9	0.03	3	0.09	0.03	3	0.09
Security	0.09	2	0.18	0.09	4	0.36	0.09	3	0.27
Facilities and equipment	0.08	3	0.24	0.08	4	0.32	0.08	3	0.24
Accessibility	0.09	3	0.27	0.09	4	0.36	0.09	4	0.36
TOTAL WEIGHTED SCORE	1.0		3.14	1.0		3.8	1.0		3.09

The Competitive Profile Matrix shows the clear picture of strong points and weak points relative to the areas of three different coffee shops. Based on the perception rate of the researchers, Starbucks get a total weighted score of 3.8, Taza Mia Coffee get 3.14, and Boss Pete get 3.09. The table presents that Starbucks is a great competitor of both business but Taza Mia Coffee still proves that even though Starbucks is more popular, Taza Mia Coffee can still compete. The use of CPM is to show and give Taza Mia Coffee an idea on what areas do they need to improve in order to exceed the other products and services offered by the competitors

SWOT Analysis

The method of SWOT analysis is to retrieve the information from an environmental analysis and divide it into internal issues (Strengths and weaknesses) and external issues (Opportunities and threats).

STRENGTHS	WEAKNESSES
1. Atmosphere sophistication	1. Brand positioning
2. Motivated staff	2. Crowded place (too small)
3. High end equipment	3. Lack of internal focus
4. Reasonable prices	4. Because of high prices not available to all classes
5. Wifi connectivity	5. Lack of marketing expertise

OPPORTUNITIES	THREATS
1. Presence of many industrial parks in the area	1. Proliferation of competitors in Sto. Tomas, Batangas
2. Opening of new projects in the area	2. Starbucks is a key competitor
3. Proliferation of populations in Sto. Tomas, Batangas	3. Supply disruptions
4. Expansion into retail operations	4. Rising prices of coffee and dairy products
5. Expansion	5. Consumer trends toward more healthy ways and away from caffeine

Strategic Options (from confrontation matrix of SWOT)

Area of Offense (Strengths and Opportunities): "Capitalized on the New"

Taza Mia Coffee, as being new in the market, can give way to a new opportunity. Brand competitive can be strengthened by introducing Taza Mia Coffee in new costumers since there is the presence of different industrial parks in the place. They can start improving their marketing strategy by advertising in these industrial parks.

Area of Defense (Weakness and Opportunities): "Highlight on the Service and Equipment"

Taza Mia Coffee ought to capitalize its high-end equipment in order to produce more quality food and service offering. Wi-Fi Connectivity in Taza Mia Coffee is an area of strength and should be viewed positively, especially by residential and industrial customers. The expansion into retail operations with comfortable atmosphere can be an advantage of Taza Mia Coffee against competitors. Taza Mia Coffee can offer unique kind of service which is not commonly seen in a coffee shop like having an Acoustic

Singers/Bands which can start at 7:00 p.m. to 1:00 a.m. every Friday, Saturday and Sunday to attract large public.

Area of Adjustment (Strengths and Threats): "Freebies and Quality Products"

The preference for higher-quality product is being reinforced as customers are being subjected to an increasing number of options. So it is recommended to focus on their quality product and high-end equipment with still reasonable price lower than its competitor, Starbucks. To mitigate the rising prices of coffee and other dairy products, it is recommended that they can raise their price but they can also offer some freebies like "Selfie with Me" which is taking a picture with the Baristas and having the template of Taza Mia Coffee in itself.

Area of Survival (Weakness and Threats): "Improve Brand Positioning"

Taza Mia should clear their brand positioning. The price is not very low compared to Starbucks, and if you will look at the place, it is crowded. Taza Mia should also think of something else to offer other than the existing products and services. They should go definitely lower than Starbucks, improves the place or use blue ocean strategy that can add something only Taza Mia offers. Taza Mia can also transfer to a bigger place which has fewer competitors but presence of numerous industrial parks or even big population in the location.

CONCLUSION

On the basis of the preceding findings, the researchers concluded that:

Most of the consumers of Taza Mia Coffee are female employees, ages 12 to 25 years old; the taste and flavor of food is the highest important

area in Taza Mia Coffee and the lowest is Wi-Fi Connection area. The overall score on the areas is interpreted as 'important' in assessing service quality of a business. The expectation, perception, and satisfaction of the customers of Taza Mia Coffee to the products and services are significantly related to the quality of the factors mentioned in the objectives of this research, which Taza Mia Coffee achieved and there is a significant difference in the areas as to expectations in gender and occupation while the expectations in age, ratings in age, ratings in gender and ratings in occupation has no significant difference.

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