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Determinant of Customers' Revisit Intention: Study of MSMEs in Indonesia

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Abstract

MSMEs have an essential role in the economy of Indonesia. MSMEs can absorb around 97% of the national workforce compared to large businesses, which absorb only 3%. A coffee shop is one of the MSMEs that has proven to survive during the Covid-19 pandemic. The ANT shop is an MSME located in Probolinggo City and has a unique place and natural atmosphere. This study examines the effect of price value and taste values on revisit intention through memorable experiences as variable mediation in MSMEs in Indonesia. Primary data was obtained with a spread questionnaire to visitors who come to Kedai ANT. Partial least squares–structural equation modeling used to test the effect of price value and taste value on revisit intention through memorable experience as variable mediation. The results of this study are price value found no direct influence against ME and no direct influence towards revisit intention. In contrast, the taste value is found to be directly influential to memorable experiences and not directly impactful to revisit intention.

Keywords: price value, taste value, memorable experience, visit intention, MSMEs.

INTRODUCTION

The MSMEs industry holds a role necessary for the economy in Indonesia. UMKM's name stands for Micro, Small and Medium Enterprises (MSMEs); though its own scale is a relatively small effort but owns a very big contribution to the Indonesian economy. In 2017, UMKM had a share of about 99.99% or of 62.9 million units of the

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real perpetrator business in Indonesia; meanwhile, large businesses only had as much as 0.01% or about 5,400 units. Micro businesses absorb around 107.2 million power work or 89.2 %, small businesses 5.7 million or 4.74 %, and medium enterprises 3.73 million or 3.11%. On the other hand, large businesses absorb only around 3.58 million. With this, MSMEs absorb about 97% of power work nationally, while large enterprises only absorb about 3% of the total national power work (Haryanti & Hidayah, 2018).

MSMEs in Probolinggo, East Java divided into several group businesses, among other industries, materials base groceries, handicrafts, food and beverages, agriculture and textiles. Some problems MSMEs face include the lack of quality source power, lack of capital, materials demanding standard earned, manual marketing, retardation technology, and constraint permission (Setyawan, 2022). Although there is some problem, it is proven that MSMEs still consistently sell products and have proven to endure even in moments the covid-19 outbreak hit. One of the MSMEs that became a favourite for circles of child youth (generation Y and Z) is coffee shops.

According to Toffin's independent research, sum coffee shops in Indonesia in 2019 reached more than the original 2,950 outlets, only 1,000 outlets in 2016. Driving factors growth of business coffee shops in Indonesia is the custom of hanging out with coffee sauce, the increasing power of the consumer class middle, the dominant population child young Indonesians who create a style of life new in consuming coffee, and social media presence for do promotions, the presence of a ride-hailing platform that facilitates the sales process, low entry barriers in the coffee business and business margin relatively high rise coffee shop (Dahwilani, 2019).

One of the coffee shops in Probolinggo, East Java, is Kedai ANT. Kedai ANT was selected to become an object study because of the unique and proven theme of surviving during the Covid-19 pandemic. This study answered two research questions which are: (i) What is the impact of price value and taste value on ME customers at Kedai ANT? (ii) What is the impact of ME on customers' revisit intention to Kedai ANT? In line with the research questions, two research objectives were answered. The two research objectives are: (i) To understand the link between price value and taste value on ME customers. (ii) To understand the link between ME on customers' revisit intention.

OBJECTIVES

Price value

Value price refers to the amount given to consumers to get something product (Zeithaml, 1988). Value price is evaluation subjective to the quality price of food and drink (Mak, Lumbers, Eves, & Chang, 2013). In other words, tourists will look for reasonably priced food and drink and enjoy food and drink that gives the best for

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money. The value price of food and drink is confirmed as an influential factor driving traveller perception of food, beverages, and restaurants (Konuk, 2019). Value price food ethnicity drives attitude toward provider service and purpose (Ahmad, et al., 2019). The important value price of food will drive the attitude of travellers toward local food, which is the next strengthen intention visit return travellers (Rousta & Jamshidi, 2020). Thus, the hypothesis used as follows:

H1. Value price has a significant positive impact on customers' memorable experience (ME)

Taste value

Taste value refers to the quality and performance of food and drink (Choe & Kim, 2018) and reflects the perception of travellers about the taste, freshness and visual appearance of food and drink (Choe & Kim, 2018). Studies related to revisiting intention find a positive connection between the taste value of food and drink and the intention of traveller to visit (Choe & Kim, 2018). Other studies have found a significant relationship between values and attitudes to food ethnicity (Ahmad, et al., 2019). On drinks tea, value feels strong when drink tea is interesting visually, fresh and tastes great (Gupta, Sajnani, Dixit, & Khanna, 2020). Coffee drinks offered at the Kedai ANT are considered delicious and interesting for visitors, manifested by their taste, quality, appearance and smell and thereby play sufficient importance in affecting the intention behaviour of travellers (Lai, 2015). Based on the matter that the taste value can be given experience for visitors that, can make hypothesis as follows:

H2. Taste value has a significant positive impact on customers' memorable experience (ME)

Memorable experience (ME)

Marketers have invested substantial source power to provide meaningful and enjoyable service to destination tourists to create positive experiences (Kim, 2018). It is considered development ME, which the tourists experience after visiting (Sthapit, Coudounaris, & Bjork, 2019). ME can significantly predict optimistic travellers' attitudes and behaviour (Wong, Lai, & Tao, 2019).

Measuring scale for measuring ME among other destinations (Kim, 2018), local (Sthapit, Coudounaris, & Bjork, 2019) food and cafes with premium coffee (Wang, Chen, Su, & Morrison, 2019). ME identified with the experience of hedonic tourism, refreshing, new and meaningful experiences from local ethnic (Wong, Lai, & Tao, 2019), friendly service and drinks (Wang, Chen, Su, & Morrison, 2019). Some of these factors play a role important in driving the behaviour of tourists.

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Several studies show ME can drive revisit intention. Studies find that experienced travellers in eating can drive behaviour loyalty to cafe customers HK style (Lai, 2015). Other studies have found the importance of ME drive image brand destination, satisfaction, and revisit intention travellers (Kim, 2018). Thus, the hypothesis used as follows:

H3. ME has a significant positive impact to revisit intention

Revisit intention

Revisit intention traveller refers to the desired traveller for return to future destinations (Yeap, Ong, Yapp, & Ooi, 2019). It is related tightly to the experience and satisfaction of tourists. Travellers were satisfied when the quality of service was received when they fulfilled conditions and, therefore, were more likely to visit the return destination major in the future (Wong, Lai, & Tao, 2019).

METHODS

Sampling procedures and data collection

The target population in the study focuses on visitors who buy at Kedai ANT, who are in the range of ages 18 - 40 years (generation Y and Z). This range age was chosen for the segment's main buyers because they use up time for not only just buying coffee but also hanging out.

This study uses a purposive sampling method with a spread questionnaire on visitors to Kedai ANT. Criteria respondent that is existing visitors who have previously been to Kedai ANT. Visitors who have yet to visit Kedai ANT issued from this study. Respondents requested to answer questions based on menus that were familiar to them.

Questionnaire spread to 70 visitors Kedai ANT on the moon March 2023 thru deployment direct to a visitor. During the process of data collection, five respondents never visited Kedai ANT, and there were 5 respondents who did not fill in a questionnaire in a complete manner. In the end, 60 questionnaires were obtained and used for analysis.

Measurement instruments

Measurement items in this study were adapted from the study previously for measuring whole constructs in the proposed research model (Table 2). Measurement items for price value and taste value are adopted from (Ahmad, et al., 2019) and (Yeap, Ong, Yapp, & Ooi, 2019). For Measuring ME used the adopted scale items from (Kim, 2018). Revisit intention uses the adopted scale items from the study (Yeap, Ong, Yapp, & Ooi, 2019).

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DISCUSSION

Respondents' profiles

The sample study consists of men (82%) and women (18%) aged 16 to over 43 years. Most respondents aged between 25 to 33 years (48%) with average high school education (52%). The whole respondent once visited and experienced food and drinks at Kedai ANT. Kindly general sample study can be considered following this study.

Data analysis

This study uses partial least squares–structural equation modelling (PLS-SEM) for successful data analysis obtained. PLS-SEM was used in this study because it can be used for research with little amount and exploratory research with the combination of explanation and prediction (Hair, Hult, Ringle, & Sarstedt, 2017).

Measurement model assessment

The first stage of model measurement is reliability and convergent validity. Reliability and convergent validity are considered accepted if factor loadings and composite reliability (CR) are higher than 0.70 and the average variance extracted (AVE) is higher than 0.50 (Hair, Hult, Ringle, & Sarstedt, 2017). Table 1 presents the factor loadings of all remaining measurement items that exceeded 0.70. In contrast, CR of all constructs exceeded 0.70, and AVE of all constructs exceeded 0.50, thus confirming the reliability and convergent validity. Discriminant validity was checked via the Fornell-Larcker Criterion criterion. As presented in Table 2, the square root of the AVE of each construct should be higher than its highest correlation with any other construct (Hair, Hult, Ringle, & Sarstedt, 2017).

Table 1. Measurement model results

Measurement items	*loading*	t-*values*	*CR*	*AVE*
Price value			0.903	0.756
The price of coffee offered by Kedai ANT is affordable	0.924	21,260	-	-
Coffee offered by Kedai ANT offers value for money	0.868	16,923	-	-
The price of coffee offered by Kedai ANT is appropriate	*0.813*	6,421	-	-
Taste value			0.954	0.912

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Coffee offered by Kedai ANT is tasty	0.953	51,359	-	-
Coffee offered by Kedai ANT is of good quality	0.957	43,900	-	-
ME			0.919	0.792
I really enjoyed experiences in Kedai ANT	0.922	36,537	-	-
I experienced something new during visiting Kedai ANT	0.865	23.207	-	-
I get good service at Kedai ANT	0.882	21,727	-	-
Revisit intention			0.932	0.774
I would like to revisit Kedai ANT in the coming future	0.902	17,114	-	-
I plan to revisit Kedai ANT in the coming future	0.901	18,196	-	-
I will make an effort to revisit Kedai ANT in the coming future	0.909	23,138	-	-
Kedai ANT could become my first choice for hanging out and drinking coffee	0.802	15,715		

Table 2 Discriminant validity

	Price value	*Taste value*	*Revisit intention*	*ME*
Price value	*0.870*			
Taste value	0.786	0.955		
Revisit intention	0.713	0.786	0.880	
ME	0.667	0.812	0.760	0.890

Structural model assessment

The next stage is to test the structural model. Figure 1, it can be seen of 5 hypotheses; only two hypotheses do not accept. Direct effects found price value not influential to ME ($\beta = 0.074$, $\rho = 0.558 > 0.05$), taste value has an impact positive significant to ME ($\beta = 0.753$, $\rho = 0.000 < 0.05$), ME has an effect positive significant to revisit intention ($\beta = 0.760$, $\rho = 0.000 < 0.05$). Indirect effects found price value on revisit intention through ME no effect ($\rho = 0.566 > 0.05$) while the taste value on revisit intention through ME was found to be positive significant ($\rho = 0.566 > 0.05$).

To explain strength explanatory from research models used coefficient determination, the value of R^2. The R^2 value of ME (R2 = 0.649) and the R^2 value of revisit intention ($R^2 = 0.571$). It explains that variation from endogenous variables can explain exogenous variables.

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Furthermore, the blindfolding procedure assessed the research model's predictive relevance (Q^2). The value of Q^2 for ME (Q^2 = 0.503) while for revisit intention (Q^2 = 0.418). The resulting Q^2 values are larger than 0, indicating that the exogenous constructs have predictive relevance for the endogenous construct under consideration (Hair, Hult, Ringle, & Sarstedt, 2017).

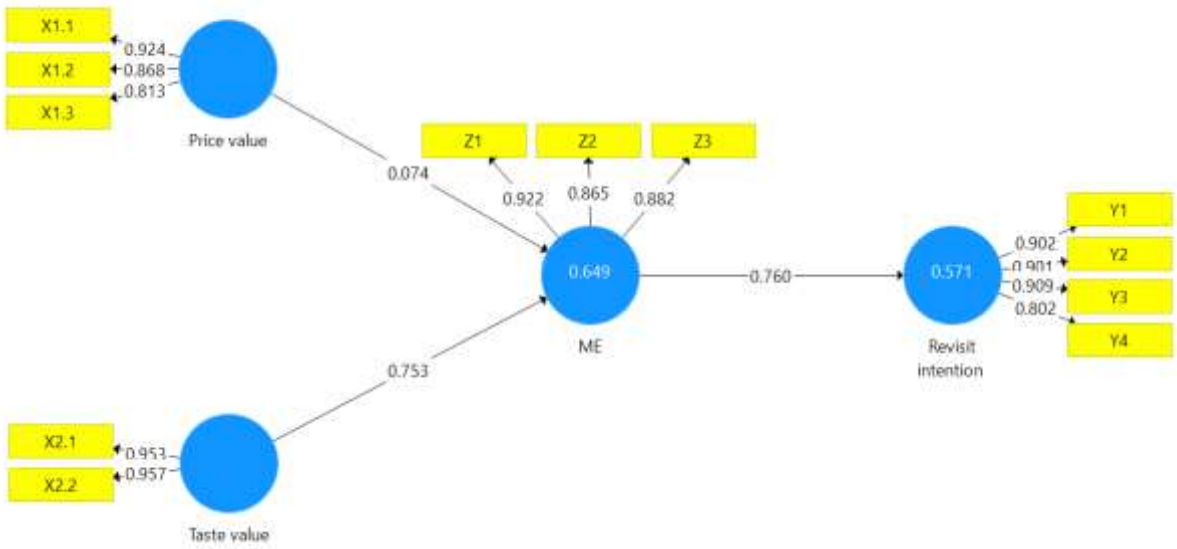


Figure 1: Research Models

CONCLUSION

The price value was found not significant to ME in direct effects and also not significant to revisit intention in indirect effects. Based on that, price no becomes an internal customer reference from a memorable experience. Customers need to consider price in deciding to revisit Kedai ANT in the future. Different taste values found positive significance to a memorable experience in direct effects and positive significance to revisit intention in indirect effects. Customers tend to consider their tastes to create unique experiences and intentions to revisit. Variable memorable experiences were found influential to decision revisit in future. It is very natural because a good experience will cause customers to visit back in the future.

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