

STARBUCKS TOOK A MAJOR HIT DUE TO COVID-19

*Submitted as a Partial Fulfilment of the Requirements
for Achieving Associate Expert (Ahli Madya) Degree*



Mazaya Salsabila

2018160008

**ENGLISH DIPLOMA III DEPARTMENT
FACULTY OF LANGUAGE AND CULTURE
DARMA PERSADA UNIVERSITY**

JAKARTA

2021

INTELLECTUAL PROPERTY STATEMENT

I hereby declare that the journal report is the result of my own work and not plagiarism of another work, the contents has become my responsibility. All the sources of my research and quoted or referenced have been stated correctly.

Jakarta, July 17 2021

A handwritten signature in black ink is written over a yellow and red 10,000 Indonesian Rupiah stamp. The stamp features the number '10000' in large red digits, the words 'SERIBU RIBU RUPIAH' vertically on the left, and 'MENCANTUM TEMPEL' on the right. A unique alphanumeric code 'F0FA3AJX526159793' is printed at the bottom of the stamp.

(Mazaya Salsabila)

APPROVAL PAGE
DARMA PERSADA UNIVERSITY

Affirmed in: Jakarta

Month : Agustus 2021

Dean Faculty of Language and Culture
Program



Dr. Eko Cahyono

Head of English Diploma



Alia Afiyati, SS., M. Pd

Counselor of The Journal Report



ACKNOWLEDGEMENT

First and foremost, praises and thanks to Allah SWT, the almighty, for His showers and blessings throughout my research work to complete the journal report successfully with entitled “Starbucks Took A Major Hit Due To Covid-19” is submitted to meet the most important conditions and completed studies in order to obtain an Associate Expert (Ahli Madya) degree of English Diploma III Language and Culture Faculty of Darma Persada University.

This period of my life was filled with many ups and downs and this work would not have been possible without the guides and supports from those people who contribute in the completion, which I listed as follows:

1. Fridolini, SS., M. HUM as Counselor of The Journal Report, which my supervisor and also a term paper advisor who has guided and helped me in the preparation of this journal.
2. Alia Afyati, SS., M. Pd as Head of English Diploma also has an important role in the completion of the work.
3. Whole staff of English Language and Culture Department.
4. All lecturers of English Language and Culture Department who have given me so much knowledge and experiences through my proses in this college.
5. Nobody has been more important to me in the pursuit of this project than the members of my family, my much gratitude, my special. To my Mom, Dad, and my brothers. Thank you for the support, the love, and all those prayers.
6. I want to thank me to believing in me. I want to thank me for doing all this hard work. I wanna thank me for having no days off. I wanna thank me for never quitting. I wanna thank me for always been a giver and trying to give more than I

receive. I want to thank me for trying to do more right than wrong. I want to thank me for just being me at all times.

7. My savior, no doubt you're like The Avengers saving my college life. Thank you Rose, Febi, Tiara, Divia, and Dinda for being such amazing friends to always makes sure I'm always on track. I hope we can always be as we are.
8. A special thanks to my eternal friends, Ectri and Miranda. Thank you for always being here at my lowest and my highest point. Thank you for always take care of my sanity to survive and make it out alive—you guys are angels.
9. Last but not least, none of this would have been possible without my partner, known as my soulmate, Rafandra. I wish to thank you for the love, understanding, and continuing support to complete this journal on as i plan.

Jakarta, July 17 2021

Writer,

Mazaya Salsabila

STARBUCKS TOOK A MAJOR HIT DUE TO COVID-19

Mazaya Salsabila
Darma Persada University
Mazaya773@gmail.com

Abstract

The purpose of this study is to examine the impact of this pandemic situation on the world's most famous coffeehouse chain, Starbucks Corporation. This project is to know some alterations in and how Starbucks Indonesia moreover Starbucks Oakwood, Jakarta, changes in order to survive due to COVID-19 situation that crisised everyone. As the largest coffee shop in the world, Starbucks also finds difficulty in the situation just like any other company as small companies. This study uses qualitative research method that was built on data collected. Starbucks has got my attention to discuss it further in this study by reason of their large number of loyal customers.

Keywords: Starbucks, Impact, Indonesia, COVID-19

Abstrak

Tujuan dari penelitian ini adalah untuk menguji dampak situasi pandemi ini pada rantai kedai kopi paling terkenal di dunia, Starbucks Corporation. Proyek ini untuk mengetahui beberapa perubahan dan bagaimana Starbucks Indonesia apalagi Starbucks Oakwood, Jakarta, berubah untuk bertahan karena situasi COVID-19 yang membuat krisis semua orang. Sebagai kedai kopi terbesar di dunia, Starbucks juga mengalami kesulitan dalam situasi seperti perusahaan lain sebagai perusahaan kecil. Penelitian ini menggunakan metode penelitian kualitatif yang dibangun berdasarkan data yang dikumpulkan. Starbucks menarik perhatian saya untuk membahasnya lebih lanjut dalam penelitian ini dengan alasan banyaknya pelanggan setia mereka.

Keywords: Starbucks, Impact, Indonesia, COVID-19

1. INTRODUCTION

In December 2019, the world was haunted by a virus that spreads which surfaced in a Chinese seafood and poultry market. The latest threat to global health is the ongoing outbreak of the respiratory disease that was recently given the name Coronavirus Disease 2019 (Covid-19). Covid-19 was recognized in December 2019. It was rapidly shown to be caused by a novel coronavirus that is structurally related to the virus that causes severe acute respiratory syndrome (SARS). As in two preceding instances of emergence of coronavirus disease in the past 18 years — SARS (2002 and 2003) and Middle East respiratory syndrome (MERS) (2012 to the present) — the Covid-19 outbreak has posed critical challenges for the public health, research, and medical communities (Anthony S. Fauci, 2020). The Covid-19 first described in 1966 by Tyrell and Byone. They cultivated the viruses from patients with common colds. On their morphology as spherical virions with a core shell and surface projections resembling a solar corona, they were termed coronaviruses (Latin: corona = crown). (Thirumalaisamy P. Velavan, 2020)

The World Health Organization proposed an official name for the virus coronavirus: Covid-19, that stands for Coronavirus Disease 2019. This disease spread rapidly throughout the world. The respiratory disease that was recently being a threat to global health was given the name Coronavirus Disease 2019 by The World Health Organization. What makes Covid-19 tricky is, the symptoms are very similar to flu. It is just that Covid-19 as an upper respiratory infection, and flu is a lower respiratory infection. COVID-19 has been caught the world's attention. It is not the new invention to be talked about by people. The current number of COVID-19 cases worldwide has reached 62,162,592 million. Asia has reached 16,871,967. Based on Worldometers, Indonesia still in the top 10 highest COVID-19 cases. Under other circumstances it has reached 543,975 positive and 454,879 recovered. Due to social distancing also made people do activities from home thus hotels, restaurants, also tourism dropped dramatically; the schools, stores, shopping centres, worship places, restaurants, hotels, and tourist attractions are being closed temporary. The contraction impacts in national economic growth on the country's tourism sector has been felt by a number of provinces that rely on it.

The virus gave grave impact to the world's economic yet social sector. As the world so Indonesia; millions of people could fall into poverty. Stagnation of economic activity automatically causes businesses to make efficiency to reduce losses—as the results of that an abundance of workers sent to Work From Home moreover fired. COVID-19 also making household consumption or purchasing power, which is 60 percents of the support for the economy, fallen deep enough. The pandemic created prolonged uncertainty so that investment weakened and has implications for the cessation of businesses. The whole world experienced economic downturns, causing commodities to fall and Indonesia's exports to several countries to a halt. The pandemic impacted on the management of state finances by making changes to the APBN twice and efforts to restore the national economy—the pressure also has implications for tax revenue.

COVID-19 has been became a serious problem in the past year. Starbucks is one of the company that has been impacted by the world pandemic by them cutted the income. It all started in 2020; as in first period of the pandemic, social distancing and temporary closure of shopping centres since early April. On the other hand, they have been improved sales by e-commerce business lately—still is difficult expansion. As one of the biggest coffeeshouse in the world, of course Starbucks has manyproblems to deal due the pandemic caused of COVID-19.

2. THEORITICAL FRAMEWORK

Starbucks was founded by Gordon Bowker, Jerry Baldwin, and Zev Siegl in Seattle, Washington, in 1971. As it is today, a brand that originated in 1971 by opening its very first store in Seattle, Washington. from this location, Starbucks sold high-quality of whole coffee beans, dark-roasted in small batches, the Eurpean way. The name of this company it is actually was chosen in honor to the coffee-loving first mate in Herman Melville's Moby Dick, as a result they thought the name evoked the romance of the the seafaring so the high seas to a tradition of the early coffee treaders.(Farr, 2017)



Starbucks Seattle, Washington

In 1982, Howard Schultz, the now celebrated CEO of Starbucks, joined as director of retail operations and marketing. Two years later, Mr. Schultz convinced the founders of Starbucks to test the coffeehouse concepts in their downtown Seattle store, where the first Starbucks® Caffe Latte was served. In 1987, Howard Schultz led a group of investors that purchased Starbucks from its' founders. Since then, Starbucks has become the premier roaster and specialty coffee retailer in the world. Currently, there are 18,000 stores in 62 countries. Along with selling high quality coffee beans, Starbucks offers a variety of speciality coffee drinks, teas, hot chocolate, merchandise and a limited menu selection of food items. Their stores offer a clean, relaxing atmosphere with free wifi for customers. (Farr, 2017)

When people hear Starbucks, they must think of a coffee shop with warm lights inside and of course a cup of coffee. This coffee shop is the most popular one for everyone any ages to spend time with their loved ones. The company has also become the most known for its free Wi-Fi as for its coffee. Starbucks is highly popular because people has been able to have an experiment that changed how much the world thinks about coffee shops and how many people outside their homes enjoying drinks. Starbucks has created a third home and office where people can relax, enjoy a cup of coffee, and appreciate the welcoming atmosphere.

According to the Business Chief of Europe, Starbucks is at the first rank in best coffeehouse chains and it considers a coffee shop not a cafe. Since Starbucks was named after nautical character, the original Starbucks logo was designed to reflect the seductive imagery of the sea. The global branding team at Lippincott didn't draw the Siren from scratch. She'd been around since the very first Starbucks location in 1971. The double-tailed mermaid appears to be a reference to an Italian medieval character Starbucks has claimed as "Norse"—but in any case, the imagery, born from a maritime book, inspired its founders to make her the logo of the Seattle coffee shop. (Wilson, 2018)



Twin-tailed siren (15th century).



1971 - 1987

1987 - 1992



1992 - 2011



2011 - NOW

The siren is a choice that has drawn some criticism from some thanks to its unflattering parallels. In Greek mythology, the siren is a creature who lures sailors in with what is described as "*an irresistibly sweet*" voice, only to viciously devour them once they came close. Some think that Starbucks chose the logo because it symbolizes obsession, addiction, and entrapment, and given how hopelessly addicted so many are to their favorite Starbucks brew it's not so wild a theory. Nevertheless, the Starbucks logo remains an

incredibly popular icon and a driving force behind the company's worldwide success (Starbucks Logo and the History Behind the Company).

Since we talk about Starbucks, Coffee is being their main product. According to *All About Coffee* book by William Harrison Ukers, Coffee has an important place in the rational dietary of all the civilized people of earth. It's universal in its appeal. Coffee being the most popular beverages, consumed by over millions of people every single day. It is a democratic beverage also has an important place in the rational dietary of all the civilized people on earth. It's universal appeal.

People drink coffee oftenly—and what i mean men and women, because it's add to their sense of well-being. To mankind it's not only smells good it also tastes good. Ukers states that people love coffee because of its two-fold effects—the pleasureable sensation and the increased efficiency its produce. The word *coffee* itself involves several phonetic difficulties. Dealing with etymology of coffee, Euorpien languages got the name about 1600 from the original Arabic قهوة (*qahwah*), but in Turkish form is *kahfeh*. It wasn't the name of the plant, it was just the beverage made from its infusion and being originally one of the names employed wine in Arabic.

In the *New English Dictionary*, Sir James Murray says, some have conjectured that the word of coffee is foreign, perhaps Africa, a diguised word. But that of this, there is still no evidence. The existence of coffee has been known for a long time. Coffee builds a culture, where people do a conversation when they meet each other. People from around the world bond with this drink with unified taste (Kee, 2021).

3. RESEARCH METHODS

The research method in this study is descriptive which involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution. Because the human mind cannot extract the full import of a large mass of raw data, descriptive statistics are very important in reducing the data to manageable form. When in-depth, narrative descriptions of small numbers of cases are involved, the research uses description as a tool to organize data into patterns that emerge

during analysis. Those patterns aid the mind in comprehending a qualitative study and its implications.

Descriptive research does not fit neatly into the definition of either quantitative or qualitative research methodologies, but instead it can utilize elements of both, often within the same study. The term descriptive research refers to the type of research question, design, and data analysis that will be applied to a given topic. Descriptive statistics tell what is, while inferential statistics try to determine cause and effect. Descriptive research can be either quantitative or qualitative. It can involve collections of quantitative information that can be tabulated along a continuum in numerical form, such as scores on a test or the number of times a person chooses to use a certain feature of a multimedia program, or it can describe categories of information such as gender or patterns of interaction when using technology in a group situation. (Glass, 1984)

This research is going to use qualitative study off the Oakwood Starbucks employees or baristas perspective and Starbucks costumers in general. According to Lexy J Moloeng (1998), "*Sumber data penelitian kualitatif adalah tampilan yang berupa kata-kata lisan atau tertulis yang di cermati oleh peneliti, dan benda-benda yang diamati sampai detailnya agar dapat ditangkap makna yang tersirat dalam dokumen bendanya.*" (The source of qualitative research data is the appearance of words spoken or written observed by the researcher, and the object is observed in detail to capture the meaning implied in the document).

Qualitative is defined as a market research method that focuses on obtaining data through open-ended and conversational communication. It relies on data obtained by researcher from first-hand observation, interviews, documents, artifacts, and questionnaires. According to Creswell and Hancock (2009), Qualitative research methods typically include interviews and observations, but may also include case studies, surveys, and historical and document analyses. Qualitative research is an umbrella term used to refer to the theoretical perspectives designs as narrative, phenomenology, grounded theory, action research, case study, ethnography, historical research, and content analysis (W, 2018). Understanding how your audience takes decisions can help derive conclusions in market research.

There are different types of qualitative research methods like an in-depth interview, focus groups, ethnographic research, content analysis, case study research that are usually

used. The results are more descriptive and the inferences can be drawn quite easily from the data that is obtained. The method is originated in the social and behavioral sciences. As today our world is more complicated and it is difficult to understand what people think and perceive. Online qualitative research methods make it easier to understand that as it is more communicative and descriptive.

I collect the data and the source in this study are from interviewing the employees, some from internet, and the journals, also I do questionnaire targeted the Oakwood Starbucks employees or baristas and Starbucks regular customers for the information data, also the responses needed through social media. The survey was open to all genders and from different professions but mostly focused on the youth.

The survey is my primary data source, and it has contributed significantly to most of the discussion.

4. RESULT AND DISCUSSION

4.1. Starbucks Development in Indonesia

According to Starbucks, Indonesia opened its first store in Plaza Indonesia, Jakarta and the first store in Surabaya at Tanjungan Plaza 4, 17 May 2002. Since from January 2018, the stores are 326 in different locations all around major 22 cities. MAP for PT Mitra Adi Perkasa which has been established since 1995, is the company who held the Starbucks franchise rights in Indonesia until.

Starbucks then made expansion in 2003, they have succeeded open their first store in Soekarno-Hatta International Airport and its first store in Bali at Hard Rock Hotel. Their first drive-thru happened in Indonesia also Southeast Asia in 2005 at rest area KM 19 Cikampek. They became famous in 2010 that open reached 90 stores in different locations. It didn't stop there, they expanding more over in 2017 reported 300 stores opened in Indonesia. Until this day Starbucks still expands their outlets throughout Indonesia.



Starbucks Plaza Indonesia, Jakarta

4.2. The Impact of Covid-19 on Starbuck Indonesia

In the hard time like today, Pandemi took a big crisis over the world with economic downturn and cost increase of goods in various countries including Indonesia. Not only the government who experienced loss, but the companies also happened to as well. Starbucks required to follow the globalization and urbanization these days. The company should build as good as attractive for store atmosphere; to increase sales also enable to lead a consumer purchasing decisions that will determine the future of the company.

These are some of the impact on Starbucks Oakwood, Jakarta:

a. Price Discount

Starbucks known as one of the best coffee shop in the world—when you hear that, you'll straight thinking how much this coffee shop would offer you the price of hot and cold beverages, snacks, pastries, and sandwiches they have. Well, they got to be pricy, you would think of this big company. Yes you thought right. Even you can request a beverage but also you would get charge. Like any other store, they have special seasonal discount; religious celebration day, new Year, independence Day, and other special day. Even they give discount, the price will still a little bit pricy compared to other store, but the downturn cause of this dropping sales in 2019 until now is Pandemic, the Covid-19. Based on this

phenomenon going around, for the Starbucks record—the price discount happens at least once every week now.

b. Temporary Closure

We have been facing the Covid-19 in the late 2019 and in 2020 Social Distancing was invented. Most of the store were temporarily closed even until now as well as Starbucks due to Social Distancing. Some Starbucks locations have been operating at reduced hours because some full-time employees and all part-time employees were quarantined due to a possibility they were exposed to the virus, therefore not a few of them have resigned since they didn't get income while being quarantined, also because of the reducing hours of working, they didn't get the same amount of salary in the beginning of the pandemic—20% salary deducted until late August 2020. In the beginning of 2021 the situation became normal but of course not 100% normal but then again the Social Distancing must be obeyed, so only all of the part-time employees back in quarantine. Lately the salary deductions for full-time employees up to 20% while part-time employees only 10%. Starbucks is still open in normal time as before but closes early while pandemic.

c. The Protocol

The Government has been implementing Social Distancing minimum 2 meters away from each other. The Government also provided health protocol principles; using masks, washing hands or using hand sanitizers, keeping distance or avoiding crowds, increasing body resistance, consuming balanced nutrition, managing comorbid diseases, and paying attention to vulnerable groups as well as clean and healthy living behavior(Putri, 2020).

But in reality, many people do not comply with the health protocols given in the face of the COVID-19 pandemic.

Also Starbucks is a big company with giving so much attention to the protocol that is always being their concern to keep the quality to the employees also the costumers. In the oprational time, every 10 minutes they disinfectaning the area and of course the tables

and chairs with or without customer sits on. The stores close for deep cleaning and sometimes may need to modify hours when they reopen.

4.3 The Customer Respondents of Starbucks in General

a. Age and Gender

Response	Frequency	%
Gender		
Female	56	56.0
Male	44	44.0
Age		
Under 20	16	16.0
20-29	49	49.0
30-39	20	20.0
40-49	15	15.0
Over 50	0	0

The table above shows that 56% are women who enjoy Starbucks, the rest are men who are no less interested in coffee. The youth ranks the most in the data, and less people over 39. The survey was distributed online to 20 participants.

b. Survey of Customers on The Impact of Pandemic

Response	Frequency	%
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Do you go to Starbucks frequently?

<i>Yes</i>	45	45.0
<i>No</i>	55	55.0

**Do you go to Starbucks during
Pandemic?**

<i>Yes</i>	47	47.0
<i>No</i>	53	53.0

**Do you think Starbucks treat their costumers
same as before the pandemic?**

<i>Yes</i>	55	55.0
<i>Slightly different</i>		
<i>Highly change</i>	20	20.0
	25	25.0

**Will you go or repurchase the Starbucks
baverege?**

<i>Yes</i>	67	67.0
<i>Maybe</i>		
<i>No</i>	20	20.0
	13	13.0

The table above shows the survey responses on the impact of Pandemic on Starbucks. Based on the table above, those who are interested in Starbucks still tend to be bigger than those who are not. This indicates that Starbucks has that big of costumers loyalty even in Covid-19 situation. Most of them agree that Starbucks was effected during the pandemic but still show their loyalty to the company.

5. CONCLUSION

The collected data has provided with so much in this case of study. Starbucks is one of the most famous coffeehouse in the world is like any other company that could not escape from the effect of this pandemic of Covid-19. There are so much change going on and they still adjusting it due to Covid-19. But even in this such hard time, it has proven that Starbucks still being the choice of the public. The survey has concluded that Covid-19 did somethings to Starbucks yet they did not lose their loyal costumers.

To sum up everything that has been stated, the impact that seems small to people but turns out to be big can Starbucks overcome and survive to this day. Starbucks coffee is not in the safe space, because there are so much things ahead to look out from this global pandemic—but they are fine. The rating given by the costumers are amazing—people actually love Starbucks. As the times are developing, Starbucks needs to facilitate the convenience of online shopping for customers to make it easier to access.

In short, people actually have good intentions towards Starbucks coffee and positive feedbacks to their services.

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