CHAPTER I

INRODUCTION

1.1 Background of the Problem

Competition in the business world around the world is getting higher and tighter, every company is always trying to get market share which will always grow every day. Consumer purchases are unique because everyone's preferences for a product are different. This is influenced by many factors including Discounts, Brand Image, and Servicescape (physical environment). The retail business in Indonesia has developed quite rapidly in recent years with various forms and types. Along with the rapid development of this retail business, competition in the retail or retail marketing sector is increasing. The development of the times that have become modern, something new has been present in human life. Advanced technology makespeople experience convenience in various fields. An example is the interaction that can be done through social media, but not only that, because social media has even become a place to share stories with friends or other users. This culture has even made a new habit when eating or drinking in a place by uploading photos of food and drinks to social media pages (Alfirahmi, 2019).

The company has carried out various kinds of marketing strategies to win market competition, one of which is a promotion strategy. Sales promotion is used as a differentiator for new products and pre-existing brands. For new products, marketers provide samples, coupons, and refinances. As for products that have long

been using discounts. According to Tjiptono, discounted prices can also be an indicator of quality where a high quality product will dare to be priced at a high price too. Prices can influence consumers in making decisions to purchase a product (Harahap, 2015). Another definition of discount is a direct price reduction for a purchase within a certain period of time, giving discounts to consumers for the purpose of appreciating customer response

The demand for a product that is increasingly quality makes companies engaged in their fields to improve the quality of their products in order to maintain the Brand Image of their products. Here the brand has distinctive characteristics, and these distinctive characteristics are what differentiate one product from another, even though the product is the same. Various efforts have been made by the company in maintaining their brand image, including technological innovation, superiority of the product, competitive pricing and targeted promotion. The better the brand image of the products the company sells, the better it will have an impact on consumer purchasing decisions.

Purchasing decisions by consumers are decisions that involve perceptions of quality, value and price. Consumers not only use price as an indicator of quality but also as an indicator of the costs sacrificed in exchange for the product or the benefits of the product. This is where we see the extent to which brands can influence consumer judgment with the Brand Image of the product. Many things have to do with price which is why consumers choose a product to have. This product is because they really want to feel the value and benefits of the product, because they see the opportunity to have the product at a lower price than usual so

that it is more economical, because there is an opportunity to get a gift from purchasing the product, or because the consumer wants to be considered that he knows a lot about the product and want to be considered loyal.

Consumers choose prices have two main roles in the buyer's decision-making process, namely the role of allocation and the role of information. The allocation role of price is a function of price in helping buyers decide how to obtain the highest expected benefit or utility based on their purchasing power. Thus the price can help buyers decide how to allocate their purchasing power to various types of goods or services. The buyer compares the prices of the various alternatives available, then decides on the desired allocation of funds.

One of the most common uploads is uploading photos featuring coffee drinks. But there are other things that can be seen from this culture. By doing this, it means that both the interior and exterior designs of the business premises are beautiful and consumers trust the brand of the coffee beverage company. Because social media users will instead upload something that is considered valuable and what is liked (Ayun, 2015) Not only young people who often gather at places to eat and drink, it turns out that this culture has entered the elderly as well (Alfirahmi, 2019). Because of this, the food & beverage business has become the spotlight of entrepreneurs to become activities that can generate more money because it is booming in society.

This situation can be used by entrepreneurs if they use the right strategy to build the food & beverage business. Because the behavior of consumers who want to

gather in a cozy place and can be used as a place to take pictures can be an indicator of the success of opening a food and beverage business. One company that has successfully seen this opportunity is Starbucks, which is busy with buyers every day, located in Cikarang in 2015. Even up to 2020, it has more than 100 branches in various regions (Ayu, 2017).

By paying attention to the aspects of the servicescape or physical environment that is able to make consumers feel comfortable and safe both from outside or from within so that buyers can be interested and confident to make purchases. The right combination can be done by discounting or discounting the price given by the company (Baskara, 2016) so that other menu menus can be better known and attract buyers' attention because they are given a price reduction so that prices will be cheaper than usual, this can attract consumers to make purchases.

Purchasing decisions are also influenced by brand image which is the impression of consumers who have bought the product (Tjiptono, 2015) (). So that the products offered must have a good image so that consumers can without hesitation buy their products so that people will have a sense of confidence and this will form the image of the food & beverage company brand.

In this study, we will focus on Starbucks Coffee, the following is a glimpse of Starbucks in Indonesia:

2002	Starbucks opened its first outlet in Plaza Indonesia, Jakarta and its first outlet in Plaza Senayan, Jakarta. The first shop in Surabaya was also opened at Tunjungan Plaza 4

2003	Starbucks opens its first airport outlet in Indonesia at Soekarno-Hatta Airport, Cengkareng and the first Bali outlet at Hard Rock Hotel Bali
2004	Starbucks opens its first 24-hour store at Skyline Building Thamrin, As part of its commitment to continue to innovate, Starbucks introduced WiFi to its shop for the first time, and Starbucks also opened its first outlet in Sumatra at Sun Plaza Medan and organized the first Coffee Ambassador Competition.
2005	Starbucks opens its first drive-thry outlet in Southeast Asia at KM 19 Cikampek
2006	Starbucks held the 2nd Coffee Ambassador Competition and opened its outlets in Margo City Depok and Botani Square Bogor
2007	Starbucks opened its fourth outlet in Surabaya, namely at Tunjungan Plaza 3 and the fourth outlet in Banding at the Paris can Java Mall. The first outlet in Yogyakarta was also opened at Ambarukmo Plaza. The second drive-thru service opened at KM 13.5 Serpong
2008	At the start of January, Starbucks opened its 61st outlet at Pacific Place
2009	Starbucks opened a shop in Terminal 3 - the Soekarno Hatta Airport store and the first store in Balikpapan
2010	Starbucks opened its shop at Juanda International Airport, Surabaya and added one more city, namely Semarang. Starbucks opens shop 90 in Sogo Central Park
2011	Starbucks opened its fifth drive-thru outlet at Rest Area K 97, Batam became the 9th city for Starbucks with an outlet located at Meha Mall Batam and was then followed by Makassar as the 10th city with the first outlet located at Mall Ratu Indah. Starbucks opens its 100th outlet at the University of Indonesia and opens its 111th outlet on 11-11-11 at UOB Plaza, Jakarta
2012	Starbucks entered its 11th city with the opening of the Starbucks Solo Paragon in Solo, then followed by the 12th city with the first outlet in Palembang, namely the Palembang Indah Mall

Research conducted by Putro et al (2014) explains that there is a relationship of service quality that affects customer evaluation of other factors that determine perceived service quality. Has Intendy (2015) explains that there is a relationship between service quality and price on the quality of customer relationships. Research

conducted by Lee (2018) states that there is an influence between brand image on product purchasing decisions. Research conducted by Morkunas and Rudiene (2020) states that there is an influence between servicescape on product purchase decisions.

1.2 Problem Formulation

Based on the background, the formulations of the problem are:. ·

1. Does the servicescape have a direct effect positively towards on Starbucks Supermall purchasing decisions?

2. Does the discount given have a significant effect positivelytowardson purchasing decisions at Starbucks Supermall?

3. Does brand image influence positively towards purchasing decisions at Starbucks Supermall?

4. Does service quality affect positively towards purchasing decisions at Starbucks Supermall?

1.3 Research Purpose

This study aims to determine:

1. The positive effect of well-designed servicescape on product purchasing decisions at Starbucks Supermall.

2. The positive effect of the discount given by Starbucks Supermall on product purchasing decisions.

3. The positive influence of Starbucks Supermall brand image on product purchasing decisions.

4. The positive effect of service quality Starbucks Supermall on product purchasing decisions

1.4 Research Limitation

The limitations of this research are limited to servicescape, discount, brand image, service quality on purchasing decisions.

1.5 Research Benefits

From the results of this study, it is hoped that the following benefits will be provided

1. Theoretical utility

Through this research, researchers hope to provide additional references, increase knowledge about servicescape (atmospheric), discount, brand image, service quality to purchasing decisions.

2. Useful practice

This research is expected to contribute and additional information about servicescape, discount, brand image, service quality to purchasing decisions.

1.6 Writing Systematics

The research will be presented in the form of a written report which is systematically divided into five chapters, namely as follows:

CHAPTER I INTRODUCTION

This chapter describes the background of the research problem, the formulation and limitation of the problem, the research objectives, the benefits of the research, and the systematics of writing.

CHAPTER II LITERATURE REVIEW

This chapter presents theoretical explanations, the results of previous research, and the formulation of hypotheses.

CHAPTER III RESEARCH METHOD

This chapter describes research design, research objects, sample collection methods, data collection methods, and data analysis methods.

CHAPTER IV ANALYSIS AND DISCUSSION RESULTS

This chapter contains a description of the research data obtained.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

This chapter contains conclusions from the results of the research and discussion that has been done. In addition, there are suggestions related to research