

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In our daily life, humans are inevitably engaged in purchasing progress and this is caused by the needs and wants that everyone have. These needs and wants differs in each person. Some might prioritize good food; some might prioritize good clothing and some others might prioritize luxury brands. To fulfill and satisfy everyone needs and wants that are different, human is given the ability and creativity to think, create and produce products. With this ability and creativity, each day there is invention being made. An invention is something that has never been found or created before. As well as something that has better feature than its processor.

While everyone around the world is creating more and more invention and selling those products to consumers, there will be competition between these producers (sellers). Which is why they need a strategy or know-hows to market their products. Seller must state clearly what exactly that make their products so special and different from their competitors'. They also must have a specific target market because each target market has different ways to be approached. Take for example the teenager's market. Teenagers usually will look for trendy items with approachable price because they still cannot earn money and only depend on their allowance. Then for this case, sellers must take those in consideration and focus on producing trendy items with affordable prices.

Besides from choosing the right target market, sellers must note that most people have been shifting to modern market from traditional market. Many prefer to visit shopping mall rather than going to traditional market. Even though the price in traditional market might be cheaper than those in shopping mall, some people prefer to shop in shopping mall because the goods are more complete, the stores are cooler and cleaner. Inside the shopping mall, there are many stores that offer same kind of products. Customer must go through the process of the deciding on which store they want to visit and make a purchase from. Another decision that must be made by customers is which product they should purchase.

The process of a customer deciding which products he or she want to purchase can be known as customer purchase decision. Interest in purchasing a product is a customer behavior that underpins the purchasing decision. According to Widjaja & Indriani (2020), customer purchase decision is the result of a customer selecting one of numerous different information sources to solve an issue that has been collected by the customer and can be achieved through further action in accordance with the customer's wishes.

According to Christinto & Hadi (2018) research, store atmosphere is planned according to the target market and can attract clients indirectly to drive consumers to make purchases through emotional states. Store atmosphere is the activity of creating an appealing retail environment and making a positive impression on customers. Store atmosphere plays an important role toward customer purchase decision. The increasing knowledge of aesthetic, about what looks good and not, has affected how customer view a store. The placement and the size of the store's logo must be considered properly so that people can

directly recognize a store just from its exterior. As well as the store's interior, the placement of the furniture and the product's arrangement must be well-designed so that it will be easier for customers to look for specific items they are looking for.

According to Cahyono (2018), promotion encompasses all efforts aimed at conveying or communicating a product to a target market to provide knowledge about the product's features, usage, and existence, as well as encouraging people to acquire the product. Promotion is created so that people are persuaded to purchase product or service that is being offered. When a business or individual creates, invents, launches, and sells a new product, people will not know about it if it is not told to anyone. In short, promotion is the tool used to tell people about that product or service.

In Indonesia, there is a brand called Miniso that is famous for offering high quality, wide-ranged and affordable lifestyle products. Miniso originated from China. They offer products such as cosmetics, stationery, toys, and kitchenware at a low price. Even though this brand used to be labeled as the duplicate of Daiso, now they have 4,200 stores across the world. Holding to the saying "a better life has nothing to do with the price", Miniso aims to always offer high quality products with good value. Miniso hold on to three basic values which are: Affordable high quality, joy and lighthearted.

In Medan itself, Miniso has the total of 7 stores which is in Centre Point, Sun Plaza, Manhattan Times, Thamrin Plaza, Deli Park, Plaza Medan Fair and Medan Mall. Miniso store is painted in white and has the concept of neat and

clean. Some of Miniso best seller items are earphone, perfume, sandals, and water bottles.



Figure 1. 1 Miniso Store in Sun Plaza Medan
Source: City Radio 95.9 FM <https://cityradio.id/>

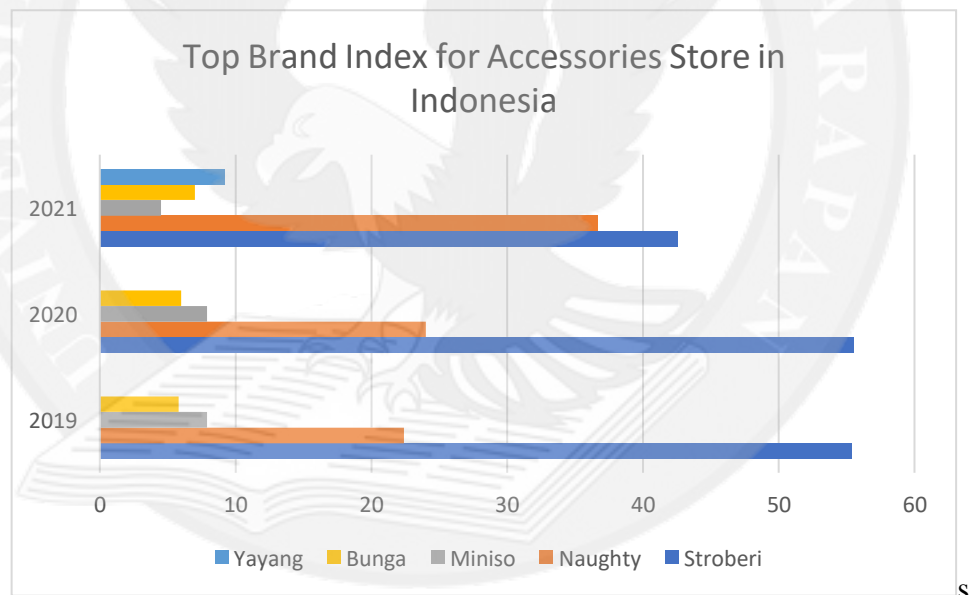


Figure 1. 2 Top Brand Index for Accessories Store in Indonesia
Source: Top Brand Award <https://www.topbrand-award.com/>.
Graph prepared by writer (2021)

As can be seen from the graphic above, Miniso still cannot surpass their competitors Naughty and Stroberi in the term of Top Brand Index. In fact, the percentage of Miniso's index is getting smaller from year to year. This shows that

customer purchase decision is changing and keep shifting to other brands. To know what happen to purchase decision in Miniso, writer did small survey. Turns out most people are saying that the store is too narrow, and they do not know what promotion or collaboration is going on in Miniso. That is why writer decided to analyze two factors in Miniso Sun Plaza Medan namely store atmosphere and promotion.

Store atmosphere is an important factor for Miniso to consider because a good store atmosphere will draw customers in and encourage them to make purchases. The path from entering the store until payment must be designed in such a way that the paths of people who have just entered the store and the paths of people who want to leave the store are not blocked.

One of the defining criteria for a marketing program's success is promotion. Consumers will never buy a product if they never heard of it and are unsure that it would be useful, regardless of its quality and price. It means Miniso must have ways of communicating their products to their potential customers.

Even though customers love the cheap price and wide range of products offered by Miniso, the store atmosphere of Miniso Sun Plaza Medan is not suitable to what customers want. Customers feel that the store is too narrow for them to browse through the product's aisle freely. Situation that happens to most customers is that they must browse through other aisle first just because the aisle they originally want to walk through has other customers and they cannot walk through it. Also, customers often saw products that have not been stacked to the cabinet are being placed carelessly on the floor by the staffs. When a store is too narrow, automatically the number of customers who can get in at a time is limited.

Especially during the pandemic where the number of customers in the store must be decreased because social distancing.

On top of that, Miniso only provide two counters for payment where it is often found that only one counter is opened and operated even on weekends when it is more crowded. There are often cases where customers are busy and cannot wait for payment, so they just decided to not to buy anymore. Another problem faced by Miniso is the song being played in the store. When customer first enters the store, the only thing that is being played in the store is Miniso's advertisement/ jingle repeatedly. This might be a very minor thing, but it affects customer purchase decision greatly because customer might feel annoyed, get the feeling of being rushed and decide to leave the store. Stroberi & Naughty, two competitors of Miniso, are doing things differently. In Stroberi or Naughty's store, they always play songs that are currently trending so that customers can enjoy and take their time while browsing through their products while listening to the songs. This might be one of the reasons why Miniso still cannot surpass Stroberi and Naughty in Top Brand Index.

Advertisement placement is an important element for a successful marketing. Miniso advertisement is often found only inside shopping malls that have Miniso Store in it and by doing so, only people who often visit the mall will know what promotion is going on in Miniso. In other words, people who do not visit shopping mall will not know about the promotion whether there is discount going on or new collaboration coming up.

Miniso often has collaborations with famous brands like Coca Cola, Disney, Marvel and We Bare Bear but often people do not know about those

collaboration. This means that Miniso's publicity through the social media for promotion has little or no effect. This can be seen through Miniso Sun Plaza's Instagram. Their Instagram has 1,418 followers (as of 24th January 2022) however most of their posts only has 1 or 2 likes which the engagement with their followers is very low. People seldom know about their new products or collaborations because their Instagram account also seldom post stories to promote it. If compared to other Miniso outlets' Instagram account, Sun Plaza outlet has very small number of followers. It is crucial for people to know about these collaborations because it will attract people who are fan of Disney, Marvel and many more. When these fans are alerted with the information, most of the time they will purchase items in the collaboration line and sales will increase.

Miniso has a membership program where customers can collect points for every shopping at Miniso. After collecting points, members can exchange their points into Miniso products. However, after writer conducted survey, most people did not know about this membership program. This could happen because this program was never offered by the staffs working at Miniso. This is very unfortunate because this membership program can make customers more interested in making purchases repeatedly to collect points.

Miniso also offers shopping coupons, however they frequently require that the customer takes a photo at Miniso and share it on social media. Many customers want to receive these shopping vouchers and utilize them, but they are too embarrassed to take photo and post it on social media. Most customers choose not to use these shopping coupons in the end. This indicates that the conditions to get coupons are too difficult to be done by customers.

The reason why the writer chooses to do research at Miniso Sun Plaza Medan is to find out more about problems faced by Miniso and the reasons of customer's changing purchase decision. The writer wants to learn more about Miniso's store atmosphere and promotion because these two aspects affect customer purchase decision significantly.

According to the problems mentioned above, writer is interested in doing research with the title "**The Influence of Store Atmosphere and Promotion towards Customer Purchase Decision at Miniso Sun Plaza Medan**" to find out whether store atmosphere and promotion has influence toward customer purchase decision.

1.2 Problem Limitation

This research will focus on how store atmosphere and promotion can be factors that influence customer purchase decision. This research will also look at how store atmosphere and promotion work and how it affects customer purchasing decision. Even though there are many other variables that can influence customer purchase decision, writer decides to limit this research to only focus on two independent variables namely store atmosphere and promotion. This is due to writer's limited time, knowledge, and access to the company. This research will focus on people in Medan, Indonesia who are the customers of Miniso Sun Plaza Medan.

1.3 Problem Formulation

Based on the background of the study, here are the problems formulation that can be concluded from the research:

1. Does store atmosphere have any influence on customer purchase decision at Miniso Sun Plaza Medan?
2. Does promotion influence the customer purchase decision at Miniso Sun Plaza Medan?
3. Is there any influence between store atmosphere and promotion toward customer purchase decision at Miniso Sun Plaza Medan?

1.4 Objective of the Research

Here are some research objectives to help writer solve the problems that have been discovered:

1. To know how store atmosphere influence customer purchase decision at Miniso Sun Plaza Medan
2. To know how promotion influence customer purchase decision at Miniso Sun Plaza Medan
3. To know how store atmosphere and promotion simultaneously influence customer purchase decision at Miniso Sun Plaza Medan

1.5 Benefits of the Research

Writer decides to conduct this research because it has some benefits which can be categorized into two types of benefit:

1.5.1 Theoretical Benefits

Writer hopes that from this research, the result can be used to help other firms and researchers to understand the influence of store atmosphere and promotion on customer purchase decision.

1.5.2 Practical Benefits

a. For Writer

From this research, writer can find out the issues that affect Miniso Sun Plaza's store atmosphere and promotion. Writer also can learn about the elements that impact purchasing decision. Writer will have better understanding of the influence of store atmosphere and promotion on customer purchase decision at Miniso Sun Plaza Medan.

b. For Company

The findings of this study are intended to aid Miniso in increasing sales. The findings of this study are intended to aid in the resolution of difficulties relating to the level of purchasing decision. This study can provide further knowledge on how to improve their store atmosphere and promotion in the future because these factors have influence on customer purchase decision.

c. For Future Researchers

Writer hopes that this study would serve as a benchmark for future research. This study can be used as a source of information for other researchers working in a similar field. This study is done with the hope of providing more information in the realm of marketing management, particularly about store atmosphere, promotion and customer purchase decision.