

CHAPTER I

INTRODUCTION

1.1 Background of The Study

The development of the business world in Indonesia is currently growing rapidly and has penetrated all circles, not only among parents, but business trends have also penetrated among young people. There are many types of business, one of which is the culinary business. The culinary business is currently showing rapid development. Its development is influenced by various factors such as demographics, rising economic levels and people's lifestyles. This can be seen from the development of the culinary business with different concepts or designs. Currently, the business in the culinary field is quite promising because culinary is one of the activities that everyone likes the most. This business does not only provide food and beverages originating from Indonesia, but currently many businesses come from abroad, such as from America, Japan, China, Korea, and others. The food and beverage industry are projected to remain one of the mainstay sectors supporting manufacturing growth and the national economy. In the development of the business world, one of which is the culinary business, the city of Medan has many contemporary culinary places that are in great demand by the public. In the culinary business, marketing has a very important role for trading and service companies. The development of modern technology in Medan has becomes an amazing thing. Various types of models have been seen which cannot be separated from the development of information and communication

technology, which used to start from print media to gadget media. The rapid development of technology can be marked by the discovery of the internet. As we know, the internet has supported and provided solutions that really help people in finding information as well as looking for information related to culinary places they want to visit. To get information, you need an internet where to open the internet you need a quota or Wi-Fi. Today's teenagers, of course, when visiting cafe one of the facilities in question is the Wi-Fi facility. In addition to facilities, customers must also question or look for references on how the services provided at the culinary place are concerned whether the service is good or not. In the era of competition which is so strict as the current facilities and trade services and competitive services are becoming very much. Consumers have a variety of choices and alternatives, especially in the service sector. Service companies function to create memorable new experiences for consumers. This is a challenge for service companies. For the most part, service companies are abstract and intangible, having aspects that are around the core of the company into consideration for consumers. One aspect is the environment in which the service delivery is located. Tight competition and increasing consumer expectations of service provider facilities make companies must have ways to increase the proportion of value. One of the businesses facing tough competition is the cafe business.

Cafe comes from the word coffee which means coffees. Drinking coffees is not just a demand for taste, but for some urban people it has become part of their lifestyle. Everywhere has mushroomed famous cafes. For those who live in

big cities, they can enjoy coffee in malls or shopping centers such as Starbucks, Excelso, Coffee Luwak, J'Co Donuts and Coffee and so on. The culture of drinking coffees has in fact experienced a shift. Coffee drinks contain various substances that are stimulants, one of which is caffeine, which can stimulate the production of two stimulating hormones, namely cortisone and adrenaline. As a result, coffee has the effect of eliminating drowsiness, increasing mental awareness, thought, focus and response. Drinking coffees can also make the body stay awake and increase energy. Meanwhile, the reality of coffee shops as a lifestyle is increasingly emphasized by the need for modernization, coffee shops now as a place for social interaction, a hangout place for young people, as a comfortable meeting place, as a place for breakfast with fast food. People can enjoy coffees while resting and chatting with other colleagues. According to Kurniawan and Ridlo (2017), the habit of some of these people in filling their spare time and spending their money by drinking coffees at a coffee shop has become an activity as a lifestyle.

According to data from the International Coffee Organization Indonesia (2017), Indonesia is ranked fourth in terms of producing coffee. The culture of drinking coffees initially was that the coffees drink was black in color, tasted bitter and hot. In addition, because the place is a shop where the atmosphere is also hot and full of people, people who drink coffees feel the heat. Therefore, currently the culture of drinking coffees has changed a lot in terms of where consumers buy coffees, coffees variants, consumer groups, and coffees taste.

Cafe is one of the most appropriate places to relax and chat with friends/friends by enjoying drinks and food that has been provided on the menu list. Some cafes serve heavy meals and there are cafes that do not serve heavy meals but only serve drinks such as coffee, tea, and foods such as cakes, snacks, and desserts. The existence of cafes in Medan has become a daily sight, especially for students. To start from the culinary business, the initial understanding of the company starts from the product, then it is adjusted to the price. Market-oriented and consumer-oriented thinking is an unavoidable need in an era of highly competitive business competition. This era is also believed to be an era of uncertainty which is supported by the emergence of an uncertain growth phase. One of the reasons is the high level of competition in the world, both local and global businesses. The level of intense competition between companies causes companies to really think about the right strategy in dealing with the competition so that consumers remain satisfied with the services offered.

Purchase decisions are consumers forming preferences between products in a set of other choices. Consumers may also form an intention to buy the most preferred product. In making purchasing decisions, consumers will usually choose food and affordable prices for consumption. Highly satisfied customers are more likely to remain loyal despite getting attractive offers from competing companies. Customers can switch to decide to buy elsewhere due to several factors, one of which is the facilities provided. Facilities play a very important role for companies to attract consumers. Facilities are facilities that make it easier for consumers to do an activity. Consumers will consider many factors, one of which

are facilities, including consumer considerations in purchasing decisions. At a level that almost the same, the more complete the facilities provided the company, the more satisfied customers will be and will continue to choose the company as a priority choice based on the perceptions obtained about the facilities provided. According to Lempoy, et al (2015), the variables that influence the decision to use consumers are facilities. Facilities are everything that can facilitate and expedite the implementation of all business activities. With adequate facilities, namely completeness of facilities and availability of facilities, it will increase consumer buying interest so that consumers will make decisions in using a product in the form of goods and services. Not only facilities, but the name of the consumer must also choose the perfect place, where with good service provided by the service company concerned. Quality as a dynamic condition associated with products, services, people, processes, and the environment that meets or exceeds expectations. Service quality is a measure to assess services by having a use value that is in accordance with consumer needs. If the service provided is good, it will have a greater impact on purchasing decisions. Although service is an intangible product, service can be judged based on one's experience and reasoning. The average quality of service affects purchasing decisions because of the interaction between the consumer and the company. The determination of the purchase decision of everyone is certainly different, one example is the level of income or a person's income. The level of purchase termination can be seen from the level of income, someone who tends to have low income will choose service

quality as a determinant, but someone with a high income will see facilities and service quality as a determining factor for purchasing decisions.

Konnichiwa Coffee is one of the coffees that was established in 2020 on Jalan Aipda KS Tubun (Sumatra) No. 1C. In addition to the Medan area, Konnichiwa Coffee also has 49 branches in various cities. From the name of the coffee, the name of the coffee is like a name in Japanese so that the design of the room is also like a room with a Japanese atmosphere and with the unique cat symbol. Konnichiwa, a sentence commonly used when greeting someone in Japan. With this spirit, Konnichiwa Coffee wants to share happiness through service and the best taste of drinks in every glass that customers receive. Konnichiwa Coffee as a pioneer of "Japanese Coffee Shop" with the concept of "Drink and Go" in Indonesia.

The Vision and Mission that are continuously being pursued are with excellence in the form of consistency in terms of taste and conducting Quality Control regularly, Konnichiwa Coffee is positive in maintaining what they have achieved. But not only satisfied with that, of course there are future that they have prepared. Konnichiwa Coffee is currently trying to achieve their long-term desire, which is to produce high-flavored and innovative products at affordable prices. The job description that Konnichiwa Coffee needs are the HR manager, Marketing communication staff, accounting staff, cook, admin, intern marketing communication, graphic designer, etc.

Although it was recently established, the total sales and number of customers of Konnichiwa Coffee in 2021 can be seen in Table 1.1.

Table 1.1 Data of Total Sales and Number of customers in 2021

No.	Month	Num. of Customers	Total Sales (in Rupiah)
1.	January	300	31.000.000
2.	February	200	20.000.000
3.	March	150	14.000.000
4.	April	130	13.000.000
5.	May	125	12.000.000
6.	June	120	12.000.000
7.	July	110	10.000.000
8.	August	115	11.000.000
9.	September	125	12.000.000
10.	October	140	14.000.000
11.	November	150	15.000.000
12.	December	160	17.000.000

Source: Prepared by Writer (Konnichiwa Coffee, 2022)

The table data above is obtained from the owner with a rough number of sales and customers who dine in and take away. Then the number of customers is counted from cups of coffee sold.

Based on the table the number of customers and total sales from January to December 2021 decreased. The number of customers decreased from 306 people in January to 199 people in February and so on. Likewise, the total sales began to decrease in February. From September to December, there was a slight increase in the number of customers and total sales. A significant decrease in number of customers and total sales began to occur in February as the Indonesian government began to implement restrictions on community activities to prevent the spread of COVID-19 since January 2021. Restriction on micro-scale community activities began to be implemented on North Sumatera since March 2021. With this limitation of community activities, many customers who work from home, restaurants and cafes are limited up to 50% dine-in customers, and may only operate until 9 p.m.

The number of customers and total sales has increased slightly since September as the Medan city government has begun to loosen restrictions on

community activities so that cafes and restaurants can operate fully.

Although the number of customers had increased at the end of December, the total customers in 2021 at Konnichiwa Coffee on Jalan Sumatra were fewer than other branches. This can be seen from the lack of cafe customers even though it was a busy time.

In addition to the data above, Konnichiwa Coffee also received some complaints from customers related to some things as seen in Table 1.2. These complaints are collected through friends and related to those who have visited the cafe before.

Table 1.2 Complaints from customers

No.	Parameters	Complaints
1.	Facilities of Cafe	No Wi-Fi facilities
		Good seating facilities provided for customers are still few
		Parking space is narrow and inadequate for cars
		Air conditioning is not optimal to keep the room temperature
		There is an espresso machine, but it is not used and still uses a manual press
2.	Service of Cafe	The dine-in customers are waiting for a long time to get the serving
		The waiters only prioritize take away customers
		The waiters are not friendly and not polite
		Services are too slow, so the cafe is very crowded at lunch time
		The barista is not experienced in preparing coffee
		The Barista doesn't fulfill the customer's request
3.	Others	Price, taste of the product, presentation of the product, position of the cafe etc.

Source: Prepared by Writer (2022)

Konnichiwa Coffee is built in a strategic place with unique concepts. But it is a pity that the cafe design is already beautiful but the existing facilities at the cafe do not support it where there is no WIFI facility which is one of the most prioritized facilities by customers. Apart from WIFI, good seating facilities provided for customers are also still few because the cafe owner prioritizes customers who take away rather than customers who come and sit inside the cafe. Besides it, facilities such as parking lots, air conditioners, and coffee machines are

still not optimally available or used. The cafe will be crowded at certain hours from

11 am to 11 pm because there are many customers waiting in line and the service provided is quite slow. The waiters are sometimes unfriendly and impolite. The baristas are not so experienced, and the coffee machines are not optimized make the quality of the coffee and service decrease.

So, cafe owners and waiters also not prioritizing the lack of facilities and services provided where the drinks that have been ordered have been served for a long time in front of the customer's eyes so that when they meet a thirsty customer, they will feel disappointed. Even though there are many competitors as seen in Table 1.3.

Table 1.3 List of Competitors

No.	Competitors Coffee	Address
1.	Starbucks	Jalan Balai Kota No 99S Medan
2.	Maxx Coffee	Jalan KH. Zainul Arifin No. 7 – (Lobby Sun Plaza), Medan
3.	Macehat Coffee	Jalan Karo No. 20, Medan
4.	The Coffenatics	Jalan Teuku Cik Ditro 8K, Medan
5.	Kenangan Coffee	Jalan M.H. Thamrin No 75R (First Floor Thamrin Plaza), Medan

Source: Prepared by Writer (2022)

Based on the table above, there are so many branded lists of coffee in Medan can be competitors with Konnichiwa Coffee whether that branded coffee always support the best service and facility for their customer suchas have a large parking, support the Wi-Fi, offer the best menu, gave attention to customer when customer needed. If compared with Konnichiwa Coffee, customer decide to purchase a branded coffee better without compared anything else with Konncihiwa Coffee like price, taste, etc. It can be concluded that Konncihiwa Coffee need to fix their facility and service quality.

To compare the branch in Sumatra with other Konnichiwa branches, it can be explained in the following picture:

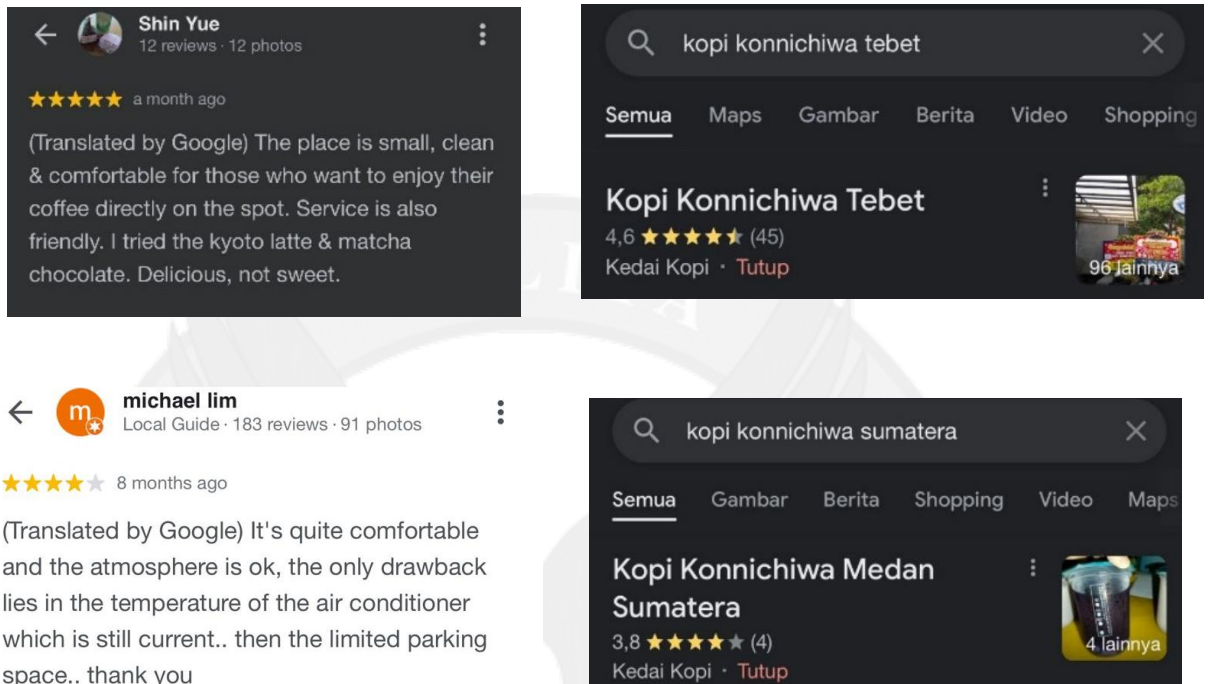


Figure 1.1. Comparison of Konnichiwa Branches

Source: Google Review (2022)

The figure above is a response from a Konnichiwa Coffee at Jalan Tebet and Konnichiwa Coffee at Jalan Sumatera customer. It can be seen on the figure 1.1 the comparison between Konnichiwa Coffee at Jalan Tebet and Konnichiwa Coffee at Jalan Sumatera that Konnichiwa Coffee at Jalan Tebet has a better rating than Konnichiwa in Sumatra, namely 4.6 while Konnichiwa Sumatra's rating is 3.8. This is because the facilities and services provided by Konnichiwa Coffee at Jalan Tebet are higher and more satisfy customers. For example, in Konnichiwa Tebet the parking space provided is wider, providing Wi-Fi facilities and employees serving customers quickly so that customers don't wait too long to be served, etc.

Based on the background that has been described, the researcher conducted a study entitled "**The Effect of Facility and Service Quality Toward Purchase Decision of Konnichiwa Coffee at Jalan Sumatra, Medan**".

1.2 Problem Limitation

Within the limits of the research problem according to the ability of the researcher, the researcher will focus on the problem of facility (X_1) and service quality (X_2) as independent variables and Purchase Decision as dependent variable (Y). The limitations of the problems that will be discussed by researchers and this research are as follows:

- a. This research will be conducted at Konnichiwa Coffee at Jalan Sumatra, Medan. So, the respondents selected who have either visited or are currently visiting Konnichiwa Coffee, Medan in the last 2 months, as many as 30 respondents. Customers who came several times during the data collection period could only fill out the questionnaire once.
- b. The customer responds by filling in the questionnaire which will be distributed to the customer.
- c. The discussion in this study is limited to three variables, namely two independent variables (facility and service quality) and one dependent variable (purchase decision). For facility variable, the indicators are layout and interior, equipment and lightning, and instructions (Widyaningrum 2020). For service quality the indicators are reliability and responsiveness, assurance and empathy, and tangibles (Widyaningrum 2020). For purchase decision the indicators are marketing stimulation and strategic stimulation, and buyer decision (Firmansyah 2019).

1.3. Problem Formulation

There are some problem formulations which will be used:

- a. Does Facility have partially effect toward Purchase Decision at Konnichiwa Coffeet Jalan Sumatra, Medan?
- b. Does Service Quality have partially effect toward Purchase Decision at Konnichiwa Coffee at Jalan Sumatra, Medan?
- c. Do Facility and Service Quality have simultaneously effect toward Purchase Decision atKonnichiwa Coffee at Jalan Sumatra, Medan?

1.4. Research Objective

According to the background of the study and the problem formulation, the purposes of this research are:

- a. To know the effect of Facility toward Purchase Decision at Konnichiwa Coffee at Jalan Sumatra, Medan.
- b. To know the effect of Service Quality toward Purchase Decision at Konnichiwa Coffee at Jalan Sumatra, Medan.
- c. To know the effect of Facility and Service Quality toward Purchase Decision at Konnichiwa Coffee at Jalan Sumatra, Medan.

1.5. Benefit of the Research

Based on the research object described above, there are several uses, either directly or indirectly, namely:

1.5.1. Theoretical Benefit

Based on the theoretical benefits, the researcher hopes that the results of this study can improve understanding and theory about facilities, service quality, and purchasing decisions. In addition, this research can also be used as a reference or guide for further researchers.

1.5.2. Practical Benefit

The practical benefits of this research:

a. For writer

Can increase knowledge about facilities, service quality, and purchasing decisions and know the mutual influence between each other.

b. For Company

Provide input regarding the facilities and quality of service provided so that it can be improved so that it can be more attractive to consumers to decide to make a purchase.

c. For other researchers

Can be used as a reference for researchers who will conduct research with the same variables.