

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

Hospitality industry is a business segment that focuses on people interactions. Yet, this business is giving a great relationship between guest and the host. Hospitality is about service, this business has been divided into several industry parts like restaurants, hotels, and the tourism industry. Hospitality means creating an excellent impression on every guest by knowing and having empathy for their needs. On the other hand, hospitality creates attentive and welcoming presence yet also ensures the guest convenience on their visit.

The decision to buy is a decision made by consumers in determining the product to be purchased based on consideration. If the product to be purchased meets the criteria from consumers, then they will make a purchase. In considering purchasing decisions, consumers include considering various things including product diversity, product design, and store atmosphere.

Product diversity is several types of products that are sold by manufacturers to buyers. Product diversity consists of the completeness of the products and goods sold, the variety of brands sold, the variety of sizes of goods sold, the availability of products sold. According to Pojoh et al (2019), one of the key elements in the competition among retail stores is the variety of products. Therefore, the company must make the right decisions regarding the variety of products sold, because it will make it easier for consumers to choose and buy a

variety of products according to their wishes.

Product design is the ability to do research on products and create products that are different from other products. In this case, product design is carried out to develop new products both in terms of name, taste, brand, and type of product that is different from other products. According to Hasani et al (2018), product design is crucial on getting customer attracted. Product design gives on the image of the brand. Product design must be interesting to increase coffee buying decisions.

Store atmosphere is an atmosphere or environment in the store that can trigger interest from consumers who come and then make consumers comfortable and finally buy the products sold by the store. According to Ardiyanto (2021), store atmosphere affects the emotional state of the buyer that causes or influences the purchase.

Me& Coffee Works is a coffee shop that provides menus such as manual brew, espresso, americano, piccolo, affogato, latte, cappuccino, mochaccino, caramel macchiato, and some typical coffees such as Bombon, Eskobar, Metropolis, Guleng Coffee, Kobra Coffee, and so on. And non-coffee in the form of artisan tea, mojito, and so on. The customers who visit are usually teenagers, parents and children who enjoy Me& Coffee Works coffee's products.

The decision to buy consumers is something that me&d cares about. In the decision to buy at Me& Coffee Works coffee at this time experienced a decline, this can be seen from the number of sales that experienced a decrease which can be seen from the number of coffee sales that have decreased. Here is the data on the number of coffee sales in Me& in the following table.

**Table 1.1**  
**Revenue Data from Me& Coffee Works Branch Kalingga**  
**January 2021 – December 2021**

| Month     | Revenue Target | Number of Revenue | Percentage |
|-----------|----------------|-------------------|------------|
| January   | 25,000,000     | 25,650,000        | 102.6%     |
| February  | 25,000,000     | 25,250,000        | 101.0%     |
| March     | 25,000,000     | 25,250,000        | 101.0%     |
| April     | 25,000,000     | 24,350,000        | 97.4%      |
| May       | 25,000,000     | 23,500,200        | 94.0%      |
| June      | 25,000,000     | 23,560,000        | 94.2%      |
| July      | 25,000,000     | 22,550,000        | 90.2%      |
| August    | 25,000,000     | 21,650,000        | 86.6%      |
| September | 25,000,000     | 19,250,000        | 77.0%      |
| October   | 25,000,000     | 19,365,000        | 77.5%      |
| November  | 25,000,000     | 18,235,000        | 72.9%      |
| December  | 25,000,000     | 17,135,000        | 68.5%      |

Source: Me& Coffee Works (2022)

From Me& Coffee Works' revenue data shows that the amount of revenue has decreased from April to December. The number of sales was the lowest in December and shows that there was a decrease in buying decisions from consumers at Me& Coffee Works in 2021.

Based on the writer's observation at Me& Coffee Works Kalingga branch, customers are likely into buying coffee based on what the barista upsells, and their regular customers like to try diverse new coffee product offered at Me& Coffee Work. This can be seen from some of the following consumer reviews.

**Table 1.2**  
**Google Reviews from Me& Coffee Works Branch Kalingga**

| Feedback   | Number of Review |
|--|------------------|
| I'm tired of ordering "Kopi Guleng" because the coffee option is limited. Kopi guleng is delicious and addictive.  | 150              |
| Good coffee, but odd menu name. Because coffee varieties are similar, ordering takes time. I recommend the best seller since the barista is friendly.                  |                  |
| The kopi guleng is delicious, but the air conditioner is too cold indoors and too hot outdoors. I propose adjusting the inside air conditioner to normal temperatures. |                  |
| The cuisine is average, the pricing is high, and you can bring outside food. Because of mosquitoes, don't sit outside late at night..                                  |                  |
| Comfortable workspace, although the inside seems outdated and neglected. Coffee was so-so I requested cappuccino and the coffee and milk wasn't mixed well.            |                  |

Source: Prepared by the Writer (2022)

In the review given by consumers, it shows that Me& Coffee Works has a less varied menu and menu names that are too similar and difficult to distinguish by consumers who are going to buy. This shows that coffee products at Me& Coffee Works are less varied in providing choices to consumers.

From product design, the writer recognized that at Me& Coffee Works Kalingga branch has a monotonous design on their goods. This makes the coffee variation in Me& Coffee works like each product. The following are consumer opinions from google reviews regarding the design of Me& products.

**Table 1.3**  
**Google Reviews of Product Design at Me& Coffee Works Branch Kalingga**

| Name and Rating           | Feedback   | Time        |
|---------------------------|--|-------------|
| Lina Gunawan<br>(4 stars) | Good coffee, but odd menu name. Because coffee varieties are similar, ordering takes time. I recommend the best seller since the barista is friendly | 3 weeks ago |

Source: Google Review (2022)

The product design that still looks monotonous can also be seen from the packaging that only highlights the logo from Me&. Here is the product design of Me& Coffee Works.



**Figure 1.1 Product Design**

Source: Instagram Me& Coffee Works (2022)

From the product design at Me& Coffee Works, it shows that the product design only highlights the logo of Me& Coffee Works and only has a yellow color, this shows that the packaging design does not yet have a good variation in

attracting consumers.

Furthermore, the writer observed that Me& Coffee Works Kalingga branch store atmosphere impacts on coffee buying decision. From the indoor room, the condition of the room with an old and poorly maintained interior, and some parts of the glass that are still dirty and poorly cleaned. Hence, the interior design is well planned on the industrial type of coffee shop, high ceilings, enough temperature space also with outdoors that are needing a little more lightning, more seating area but with lots of plants that make the outdoor area more relaxed.



**Figure 1.2 Indoor & Outdoor Me& Coffee Works Kalingga Branch**  
Source: Me& Coffee Works, Google Maps (2022)

At the store atmosphere at Me& Coffee Works Kalingga Branch, the outdoors has an attractive design, but with conditions in the outdoor room that is quite hot during the day because the sun is directly exposed and at night consumers also complain of a lot of mosquitoes when sitting in an outdoor room.

Throughout the research at Me& Coffee Works, the writer observed the customers are bored with the limited product variations, mainstream product design and the atmosphere of Me& Coffee Works Kalingga Branch that has a different vibe of indoor and outdoor area. It is observed that the indoor atmosphere has a better atmosphere than outdoor. Also, in the night there are so

many mosquitos that makes customers slightly uncomfortable staying outdoor for a long period of time.

Furthermore, food and beverage businesses are growing rapidly which are very necessary for the business to provide a great hospitality to their customers. This research subject is chosen at Me& Coffee Works which is a coffee shop business which is aligning the hospitality business sector.

Considering the described problems above, the writer determines the study problem of product diversity, product design, and store atmosphere affecting sales of coffee. Therefore, the synergy between these three variables will increase the buying decision of coffee. Hence, the title of this research is: **“THE INFLUENCE OF PRODUCT DIVERSITY, PRODUCT DESIGN, AND STORE ATMOSPHERE ON BUYING DECISION OF COFFEE AT ME& COFFEE WORKS - KALINGGA BRANCH, MEDAN”**

## **1.2 Problem Limitation**

Due to the limited occasion and expenditure, this research will be conducted at Me& Coffee Works that located at Jalan Kalingga No.14, Petisah Tengah, Medan Petisah, Medan City, North Sumatera, from August 2022 to December 2022 about the coffee menu that will cover relevant problems including product diversity, product design, and store atmosphere which will be conducted as a survey. For the problem limitation already chooses by writer where there are some independent variables (Variable X) consist of product diversity, product design and store atmosphere and dependent variable (Variable Y) consist of buying decision

of coffee. The indicators for product diversity are product size variations, product quality variations, product completeness variations, brand variations (Utami in Anjani, 2021). The indicators for product design are model, interesting style, variations, and up to date (Durvasula et al in Hanoto (2021). The indicators for store atmosphere are exterior, general interior, store layout, interior (Berman and Evans in Tansala et al, 2019). The indicators for buying decision are problem introduction, information search, alternative evaluation, purchase decision, post purchase behavior (Tjiptono in Wicara and Indra 2018).

### **1.3 Problem Formulation**

In the accordance with the research at Me& Coffee Works, the writer obtained several questions regarding the arising problems which are.

1. Does product diversity have partial influence on buying decision of coffee at Me& Coffee Works Kalingga Branch, Medan?
2. Does product design have partial influence on buying decision of coffee at Me& Coffee Works Kalingga Branch, Medan?
3. Does store atmosphere have partial influence on buying decision of coffee at Me& Coffee Works Kalingga Branch, Medan?
4. Does product diversity, product design and store atmosphere simultaneously influence on buying decision of coffee at Me& Coffee Works Kalingga Branch, Medan?

#### **1.4 Objective of the Research**

The objective for this research is to find out about:

1. To describe the partial influence of product diversity at Me& Coffee Works Kalingga Branch, Medan.
2. To describe the partial influence of product design at Me& Coffee Works Kalingga Branch, Medan.
3. To describe the partial influence of store atmosphere at Me& Coffee Works Kalingga Branch, Medan.
4. To describe the simultaneous influence of product diversity, product design and store atmosphere on buying decision of coffee at Me& Coffee Works Kalingga Branch, Medan.

#### **1.5 Benefit of the Research**

Benefits of this research can be listed as follow:

##### **1.5.1 Theoretical Benefit**

The results of this research are expected to contribute to the existing theories relevant with product diversity, product design and store atmosphere on buying decision.

##### **1.5.2 Practical Benefit**

The practical benefit of this research as follow:

- a. For writer, the result of this research is expected to contribute to the exciting theories relevant with product diversity, product design and store atmosphere on buying decision.

- b. For Me & Coffee Works Kalingga Branch, Medan, this research as information about whether the survey that has been made will be useful to improve the coffee shop service performance.
- c. For other researcher, to be a guide in leading the researcher to do other research that is compatible with this research.

