CHAPTER I

INTRODUCTION

1.1. Background of the Study

Competition in the industrial world from year to year must continue to experience tight developments so that competition in the business world is now unavoidable (Sanjaya, 2018). When people talk about culinary, the first thing that comes to mind is usually a variety of restaurants that serve food and drink dishes. Given that people must always eat and drink in order to meet their physical demands, there is a direct connection between culinary arts and humans that cannot be ignored, this is what attracts a lot of people to the culinary industry because it is a never-ending industry (Lestari & Faizin, 2020).

Culinary business is considered to be a very stable business and will not be displaced, and this business will continue to increase from year to year. Restaurant, fast food, and cafés are all expanding rapidly in different regions of the world. This is shown by the abundance of restaurant, fast-food, and cafes so that it is not difficult to find a place to eat along the road. The culinary is not only in the form of dishes or side dishes that are cooked with various herbs and spices. The culinary world has also been stimulated by a variety of drinks made from processed milk, processed spices, fermented goods, and from extraction of grains like coffee. Coffee has become a basic requirement, which makes coffee the most recognized drink in the world. In the past,

people only drank coffee at home or in coffee shops, but today there are many modern coffee shops, or what is widely known as a café (Lestari & Faizin, 2020).

Cafés in these modern times have become one of the places that have developed in recent years because the lifestyle of today's people has changed and developed a lot. In this day and age, everyone is concerned with lifestyle and it's not just about appearance, hanging out at cafes has now become a daily activity for young people and adults alike. Café is a combination of the characters of a bar and some of the character of a restaurant. In some countries, a café can resemble a restaurant that also serves heavy meals, have variety of product, and also may be licensed to serve alcohol or a coffee shop that only serves drinks along with a few snacks.

Now, more and more cafes have adapted to current developments, for example, cafes that pay attention to trendy, artsy, Instagram-able decorations in order to attract consumers, and also make the atmosphere of the café in accordance with the interests of the customers. Currently, many cafés offer a variety of unique products, as well as various facilities to consumers, for example, free Wi-Fi, private rooms, and also entertain such as live music on weekends or on certain days specifically to accompany customers to talk casually with music.

According to Kotler and Armstrong (2018), product variety is a collection of all products and goods offered by business actors to consumers. In addition to product variety, store atmosphere has an important role to help

encourage and influence consumer repurchase intention. According to Kurniawati (2018), store atmosphere can be used as a marketing tool to attract consumers and can influence consumers to make purchases. According to Cooper (1981) as cited in Saputra et al., (2018) if a store has a nice atmosphere, customers will have a positive first impression on it, and if this first impression lasts for a while, they are far more likely to choose that store.

According to Hellier et al., (2003) as cited in Driantami (2022) repurchase intention, is the willingness of individuals to make another purchase based on their assessment of the perceived service and experience from the same store. Repurchase intention is the customer's intention to next purchase the same product or service again (Peter and Olsen 2012 as cited in Wicaksono and Ellyawati 2020). When the consumers are satisfied with the product and store atmosphere that a café has, the consumers will visit again and make purchases back to the café (Gunawan et al., 2014 as cited in Cecillia et al., 2021).

According to Agustina (2017) as cited in Welsa et al., (2021) the greater the product variety, the more satisfied customers will be with their purchase. Customers are more likely to repurchase goods if they are happy with their initial purchase. According to Saraswati et al., (2021), a company's sales continuity will be impacted by the interaction between product variety and store atmosphere, which is very closely tied to customers' repurchase intention.

VCoffee Bar is a café that has the atmosphere of a café and a bar. The location of VCoffee Bar is in the Citraland Gama City which is a development project located in the city of Medan, and also an elite residential area. This café was first opened in 2019 under the name Goffee, at first they only sell various drinks such as coffee, matcha, and others, then changed to VCoffee Bar in 2020, they started selling some food and expanded the drink menu.

VCoffee Bar offers a different and unique atmosphere and also offers a variety of menu choices for consumers, various game and they also provide entertainment such as live music every Saturday night, not only that, VCoffee Bar is a pet-friendly café, so people who bring their pet with them still can go there. VCoffee Bar has a social media that they use to attract people to come to their café and it can be seen how the atmosphere of the café and various food are on their social media. They also have outdoor and indoor areas and also provide VIP rooms and room for people who smoke. Their cafe has a uniqueness, namely that during the day, the atmosphere there feels like a cafe in general, but at night the atmosphere changes like in a bar, it was the lightning that made the atmosphere feel different.
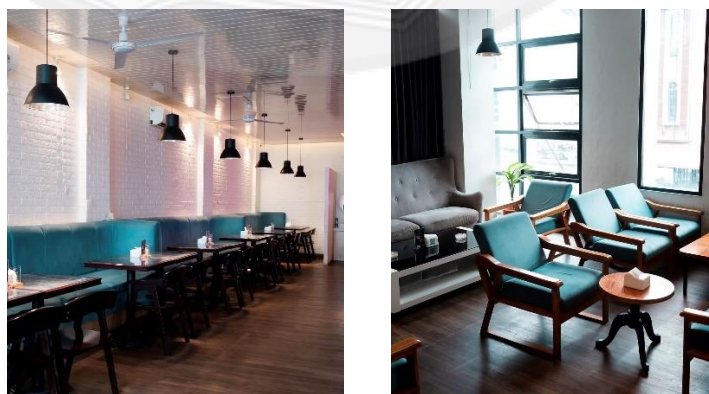

Figure 1.1 VCoffee Bar Indoor and VIP Area
Source: Instagram (2023)

The following is the table and figure for total sales of VCoffee Bar for the last two years

Table 1.1
Total Sales for 2021 and 2022

Months	2021 (Rp)	2022 (Rp)
January	150.427.365	168.692.559
February	156.599.410	126.021.460
March	162.390.095	117.308.920
April	140.922.101	143.492.070
May	156.060.893	127.269.870
June	172.906.510	137.905.166
July	176.352.401	113.027.193
August	169.475.041	103.358.798
September	142.824.598	108.992.574
October	177.171.933	126.803.152
November	146.527.928	112.159.549
December	154.754.471	125.869.059
Total	**1.906.412.746**	**1.510.900.370**

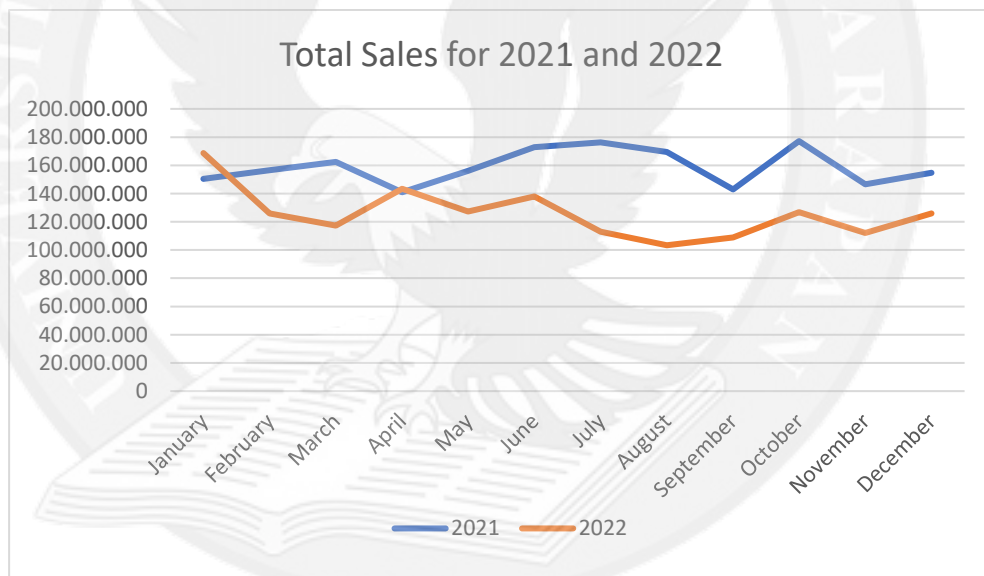Source: Prepared by the Writer (VCoffee Bar, 2023)

Figure 1.2 Total Sales for 2021 and 2022
Source: Prepared by the Writer (VCoffee Bar, 2023)

From the table and figure above, it can be seen that the total sales of VCoffee Bar have decreased quite drastically in 2022 because in 2022 there are more competitors with higher attractiveness. It can be seen in August 2022 there was a very drastic decrease compared to August 2021, and at that time was their lowest income in those two years.

It seems true from the table and figure above that most sales for 2022 as a whole were lower than for 2021, although there were slight increased in January and April. Visible from the total in 2021 is Rp. 1.906.412.746 and in 2022 Rp. 1.510.900.370

From the Google review, the writer found that there are several problems with comments from customers that they wrote on google review.

Table 1.2 Customer's Review

Post Time	Rate	Comment
2022	3	It's good, deco is interesting, but I don't understand why in such an indoor with air-con place allow people smoking in there? VCoffee Bar has outdoor seating, I think if people want to smoke they should be seated outside, and indoors with air-con should be non-smoking area.
2022	3	The food is not good, not equivalent to café food.
2022	4	The food took a long time to come out, and the rice ran out, but it was confirmed.

Source: Prepared by the writer (Google Review, 2022)

The table 1.2 above, things that happen when a customer at VCoffee Bar doesn't match their expectations, and this can influence the customer's repurchase intention. Preliminary study conducted by the writer includes collecting information through interviews and observation.

Table 1.3 Preliminary Study: Product Variety

Indicator	Preliminary results
Size	The portion size is a bit large but they don't provide smaller portions that would be suitable for children, because sometimes there are children who don't finish their food because of the portion size.
Availability	There are many choices of food at VCoffee Bar, but sometimes in the late afternoon, many choices of food have been sold out, and some are written sold out since they opened in the morning because the ingredients for making the food have run out.
Appearance	When looking at the menu book, there are some pictures of the food that their sell and it looks very attractive, but when served, some of them don't quite match expectations.
Composition	There are options for ingredients, so people can choose what ingredients to put on the dishes.

Source: Prepared by the writer (2023)

Figure 1.3 VCoffee Bar Menu
Source: Prepared by the Writer (2023)

From the table 1.3 above, there are positive and negative side to product variety of VCoffee Bar based on the indicator, where the positive side is VCoffee Bar the portion size is large, it can be said to be positive because not all cafes provide large portions of food. It can attract customers to come to VCoffee Bar. Where the negative side as seen in the picture above, is that there are some menu written sold out since they opened in the morning. Overall, product variety at VCoffee Bar is not optimal enough.

Table 1.4 Preliminary Study: Café Atmosphere

| Indicator	Preliminary results
Cleanliness	The cutlery's very hygienic, floors, tables, and chairs were very clean.
Music	During the day, the music played sometimes with the volume too loud so it becomes a little difficult to talk.
Scent	In a non-smoking room, it smells good, but sometimes the smell of cigarettes from the VIP room can get into the non-smoking room. And when it's busy time, and lots of people going in and out of the toilet can make the toilet smell unpleasant aroma.
Temperature	The room temperature is normal, not too cold and not too hot either.
Lighting	During the day the room is naturally bright due to the many windows so the room gets natural light from the sun, but during the night it's a bit dark and it's a hard to focus on the food and when something is dropped it's hard to see and find that things.
Color	Quite a lot of color.
Display / Layout	The decoration is very nice. The table and chair layout is quite neat and there is enough space but not too far either between one table and another. There is a dividing wall between the seat and the toilet in the corner of the room.

Source: Prepared by the writer (2023)
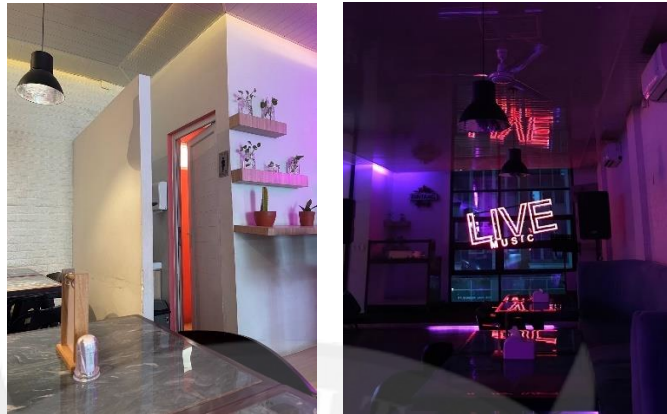
Figure 1.4 VCoffee Bar
Source: Prepared by the Writer (2023)

From the table 1.4 above, there is positive and negative side to café atmosphere of VCoffee Bar based on the indicator, where the positive side is the cutlery is very clean and neatly wrapped in plastic, so that's a positive thing because customers want to use clean cutlery, and VCoffee Bar cares about the cleanliness of their café room. From the picture above it can be seen that the barrier between the seat and the toilet is only a plywood wall, so sometimes people can smell an unpleasant aroma from the toilet, and another picture shows that during the night it's a bit dark. So overall, café atmosphere at VCoffee Bar is not optimal enough.

Based on the observation, the writer is interested in researching whether product variety and café atmosphere that has caused the decrease in customer purchases at VCoffee Bar, Medan. For that reason, the writer decides to do a research with the title **"The Influence of Product Variety and Café Atmosphere on Customer Repurchase Intention at VCoffee Bar, Medan"**

1.2. Problem Limitation

Due to limitation of time and budget, in this research, the writer will focus only on Product Variety and Café Atmosphere of VCoffee Bar, Medan as the independent variables and its influence on the Repurchase Intention as the dependent variable. The respondent in this research is the customers who come to VCoffee Bar, Medan. The criteria for respondent who were taken as a sample were people who had purchased at least once from VCoffee Bar.

According to Kotler and Keller (2008) as cited in Kartikasari et al., (2020) the indicators of product variety consist of size, availability, appearance, and composition. According to Banar and Wandebori (2012) as cited in Purnomo (2018) there are seven indicators of store atmosphere consists of cleanliness, music, scent, temperature, lighting, color, and display/layout. According to Peburiyanti and Sabran (2020), the indicators of repurchase intention consist of transactional interest, referential interest, preferential interest, and explorative interest.

1.3. Problem Formulation

Based on the observation that is done by the writer during the preliminary research in the company, the writer has formulated the following questions to be answered in this study:

a. Does product variety have partial influence on customer repurchase intention at VCoffee Bar, Medan?

b. Does café atmosphere have a partial influence on customer repurchase intention at VCoffee Bar, Medan?

c. Do product variety and café atmosphere have a simultaneous influence on customer repurchase intention at VCoffee Bar, Medan?

1.4. Objective of the Research

The objectives of this research are as follows:

a. To identify whether product variety has a partial influence on customer repurchase intention at VCoffee Bar, Medan.

b. To analyze whether café atmosphere has a partial influence on customer repurchase intention at VCoffee Bar, Medan.

c. To identify whether product variety and café atmosphere have a simultaneous influence on customer repurchase intention at VCoffee Bar, Medan.

1.5. Benefit of the Research

There are two types of benefits resulting from the research of Product Variety, and Café Atmosphere that can influence Customer Repurchase Intention at VCoffee Bar, Medan, namely:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to gain more knowledge and contribute to updating to the theories relevant to product variety (X_1), café atmosphere (X_2), and repurchase intention (Y).

1.5.2 Practical Benefit

The practical benefit of conducting this research are as follows:

a. For the writer, this research provides insight and broader understanding of the writer about product variety, café atmosphere, and repurchase intention.

b. For VCoffee Bar, the results of this study are expected to be used as a guide for the company to determine consumer repurchase intention based on the product variety, and café atmosphere.

c. For other researchers, this research can be a reference for those who also conduct research related to the topic of product variety, café atmosphere, and repurchase intention.