

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the ongoing era of globalization, businesses around the world are constantly growing. This causes companies to be unable to avoid existing competition, so it is necessary to provide an effective marketing system, both for companies in industry and services. In Indonesia, one of the business sectors that is experiencing rapid growth and experiencing intense competition is the culinary business. Fierce competition can be seen from the increasing number of culinary business providers, who provide and offer the same product with differences in terms of service and facility.

One industry that is growing rapidly is the cafe business, and competition in this business is getting tougher. Cafe business people are required to be creative in all aspects in order to be able to face increasing competition in the creative industry. As a service provider, it is expected to provide good quality products or services, both in terms of product quality, service, and facility. The quality of this product is determined by the perception of each consumer regarding the purchase of the product. This will make consumers feel their needs are met and create satisfaction in consumers.

The development of the cafe industry does not only occur in big cities but also in small towns like Pematangsiantar. In Pematangsiantar, many cafes have sprung up. One of them is the Blue Diamond Cafe which is open daily from 09.00

to 22.00. The inspiration to start this cafe business came from the mother of the cafe owner, Cynthia Vennyka Wijaya, who has a cake business at home. Cynthia studied baking and gained experience abroad to deepen her skills in baking and similar products. The establishment of this cafe is Cynthia's step in developing her business according to the current trends and lifestyles of young people. Blue Diamond Cafe is not only a cake shop, but also offers a variety of interesting products such as hot pot, gelato, desserts, snacks, and many more. One product that is in great demand by young people is cake slice which has the right portion and taste.

When consumers visit a cafe, they are not only looking for food and drinks but also focusing on the store atmosphere, facility, and quality of service provided. When this is in accordance with expectations or even exceeds consumer expectations, this can create a sense of comfort for them.

The store atmosphere has a significant influence on customer purchasing decisions. When a store is able to create a comfortable and relaxing atmosphere for customers, it is not surprising that customers feel attracted to return to the store. A positive atmosphere can create a pleasant experience for customers and build an emotional bond between the customer and the store. This contributes to customer loyalty and increases the chances of customers choosing or returning to the store.

An expert argued that one of the efforts made by management companies, especially those dealing directly with consumers, is to provide as many facilities as possible in order to attract and retain customers in Kolter in Fishendra, M.N.

(2022). In this case, the company is trying to improve the facilities that have been provided for the sake of consumer satisfaction so that the survival of the company can continue.

Service quality can be formulated as an effort to fulfill customer needs and desires as well as accuracy in delivering services to meet or even exceed customer expectations. Service quality must begin with understanding customer needs and end with customer perception in Tjiptono in Maramis, F. S., Sepang, J. L., & Soegoto, A. S. (2018). Customer perception of service quality is an overall assessment of the excellence of service. A business can be said to be successful if it is able to meet consumer expectations. When consumers are satisfied with the service, they will most likely return to that place and make another purchase at the cafe.

The purchase decision-making process is often complex and involves several stages or decisions that must be made. In purchasing decisions, buyers are faced with a choice between two or more available alternatives. This behavior describes consumer activities in making purchasing decisions related to consistent product use. If there are changes that occur to the product, the consumer will re-evaluate and decide whether to continue purchasing the product or not.

The following is data on sales to Blue Diamond Cafe Pematangsiantar from 2021-2023.

Table 1.1 Blue Diamond Cafe Pematangsiantar Sales Data

Year	Sales	% Change
2021	604.660.000	-
2022	565.420.000	- 6.49%

2023	508.900.000	- 10.00%
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Source: Blue Diamond Cafe (2023)

Based on Table 1.1, there will be a decline in Blue Diamond Cafe sales in 2023 from 2021 with total sales of 604.660.000, in 2022 with total sales of 565.420.000, and in 2023 it will be 508.900.000.

The author has collected customer reviews and ratings of Blue Diamond Cafe Pematangsiantar from 2018 to 2023.

Table 1.2 Customer Review and Comments at Google Review

Ratings	Total Review	Name	Comments
5	254	AS	The food is really good but the glass for drinking is dirty on the top.
		RP	The cake is delicious!! Not too sweet. The cafe logo is black and the size is small so it is not eye catching.
		IK	Good place to spend time with your homies.
4	89	DI	The downside of this cafe is that the place is too small.
		WM	The place is less cold if it is cold, it will be better.
		RR	The place is not comfortable and the room is rather hot.
		MS	The cafe is a bit hot because there is no air conditioning.
		AZ	Waiters are not friendly and service is too slow.
		AK	Difficult to find parking area.
		BS	Less parking area.
3	35	JS	The servant didn't greet me or offer me anything. The price of ice cream is very expensive.

		YS	Waiting 15 minutes for order confirmation because of the servant didn't offer things, the room doesn't use air conditioning. Overall, I don't think I'll be coming here again.
		ZD	Request to the management provide training for the waiters because they are not friendly and arrogant.
		AW	The room outside is rather hot if there is no air conditioning.
		WK	Narrow room.
2	4	AS	The price is too expensive, I hope the taste of the food is adjusted to the price because it's not worth it.
		EH	Expensive price.

Source: Google Review (2023)

Based on the data in Table 1.2, the author conducted an analysis of negative comments given by customers through Google reviews regarding Blue Diamond Cafe Pematangsiantar. Many of the comments highlight two things, namely the atmosphere inside the cafe and the facility. The atmosphere in this Cafe has a significant influence on customer purchasing decisions. In fact, some of the comments revealed that they didn't want to return to the cafe. This unpleasant atmosphere is an important factor affecting customer purchasing decisions.

In analyzing these comments, the author concludes that the atmosphere at Blue Diamond Cafe is very unpleasant, especially due to the hot conditions and no air conditioning in the room. This has become a recurring customer complaint from 2018 - 2023.

Customers who go to the Cafe certainly want to enjoy the facilities provided so that customers can choose where they will spend their time to enjoy these facilities. In Table 1.2 there are comments about inadequate facilities such as hard-to-find parking lots and the absence of air conditioning in the room so that customers can choose another cafe as a place to spend their time.

Service quality reflects the ability of service providers to meet customer needs and expectations appropriately. This involves providing services that match customer expectations and accurately meet their expectations. Blue Diamond Cafe has received negative comments from customers regarding poor service quality. Customers feel that they are treated with arrogance and disrespect. This situation causes confusion for customers while in the cafe. The lack of training provided to service staff can affect service quality which in turn makes customers reluctant to return to the cafe due to a bad service experience.

From considering the reasons and problems that have been discussed, the authors believe that the store atmosphere, facility, and service quality are the main factors that influence customer purchasing decisions and want to conduct research. Therefore, the author wants to thoroughly examine **"The Influence of Store Atmosphere, Facility and Service Quality toward Customer Purchasing Decision at Blue Diamond Cafe Pematangsiantar"**.

1.2 Problem Limitation

The research object is limited only to analyzing the influence of store atmosphere, facility, and service quality (as independent variables) toward customer purchasing decision (as the dependent variable) at Blue Diamond Café Pematangsiantar as research objects. This research targets those who have visited and ordered food and drink at the Blue Diamond Cafe located on Merdeka Street number 221 Pematangsiantar.

The indicators of store atmosphere (X_1) are exterior, general interior, store layout, and interior display, the indicators of the facility (X_2) are spatial considerations and planning, space planning, equipment and furnishings, lighting and color, the message is conveyed graphically and supporting elements, the indicators of service quality (X_3) are tangibles, reliability, responsiveness, assurance, and empathy. Besides that, the indicators of purchasing decision (Y) are stability in a product, habits in buying products, providing recommendations to others, and customer satisfaction.

1.3 Problem Formulation

The author took the initiative to formulate the problem based on background studies as follows:

1. Does the store atmosphere partially influence customer purchasing decisions at Blue Diamond Cafe Pematangsiantar?
2. Does the facility partially influence the customer purchasing decision at Blue Diamond Cafe Pematangsiantar?

3. Does service quality partially influence customer purchasing decisions at Blue Diamond Cafe Pematangsiantar?
4. Do store atmosphere, facility, and service quality simultaneously influence purchasing decisions at Blue Diamond Cafe Pematangsiantar?

1.4 Objective of the Research

Based on the formulation of the problem, the author intends to conduct research with the aim of:

1. Identify if the store atmosphere partially influences customer purchasing decisions at Blue Diamond Cafe Pematangsiantar.
2. Identify if the facility partially influences customer purchasing decisions at Blue Diamond Cafe Pematangsiantar.
3. Identify if service quality partially influences customer purchasing decisions at Blue Diamond Cafe Pematangsiantar.
4. Identify if store atmosphere, facility, and service quality simultaneously influence customer purchasing decisions at Blue Diamond Cafe Pematangsiantar.

1.5 Benefit of the Research

The purpose of the research compiled by this author has two benefits, which are described as follows:

1.5.1 Theoretical Benefit

This research is expected to be a reference on how store atmosphere, facility, and service quality influence purchasing decision. Thus, this research is expected to offer a comprehensive insight into real issues currently for future researchers who will conduct similar topics.

1.5.2 Practical Benefit

1. For Future Researchers

This research aims to provide additional information about the influence of a company's store atmosphere, facility, and service quality on purchasing decisions.

2. For Blue Diamond Café Pematangsiantar

This research is expected to provide a comprehensive analysis of the store atmosphere, facility, service quality, and purchasing decisions at Blue Diamond Cafe Pematangsiantar. The results of this study can be used as a reference in formulating better business policies for more optimal decision-making.

3. For the Writer

This study aims to provide a more comprehensive understanding of analyzing the relationship between store atmosphere, facility, service quality, and customer purchasing decisions in the context of real-life settings. It is hoped that the results of this study can provide a more in-depth and relevant picture for understanding the interactions between these factors in customer decision-making.