

CHAPTER I

INTRODUCTION

1.1 Background of the study

Now, The Industry of Fnb (Food & Beverage) is one of many businesses that is developing in Indonesia. Some we also said that the FnB industry is a highly significant aspect industries in Indonesia which always innovates from time to time and always adapt to the times (Bizhare, Melihat Potensi Industri F&B di Indonesia, Makin Kuat!, 2023) where there are many creations of food and drinks that we can find around us and it can happens because Indonesian people have a lifestyle that likes food and drinks which are enjoyed together while working, gathering with friends and also family. The industry continues to grow and innovate to deliver quality products that meet consumer needs. The Food and Beverages industry is also concerned with all the manufacture of food ingredients, methods of distribution, and ways of presenting food and beverages to consumers. Examples of several industries in this field are restaurants, cafes, coffee shops, fast food, beverage outlets, and food stores.

Repurchase intention means deciding whether a customer wants to buy products or services from the same seller again. This decision depends on the current situation and what might happen in the future. Repurchase intention also involves making another purchase of the same product or service after buying it once before. (Ginting et al., 2023) William n.d (2020) mentioned that customers are the most important part of the business, can be any business, so customers are included as one of the most important factors that are believed to help businesses

grow and run smoothly. The main goal of every company in the industry is also to serve customers. Service Quality is a form/level of consumer evaluation of the services provided by business people and received by consumers. Usually good service is done in a friendly, polite and personal manner. (Zikri & Harahap, n.d, 2022).

Good service quality aims to be able to get, calm the hearts and minds of consumers so that they can happily and repeatedly buy the products or services offered where if consumers are satisfied with what is, the company will automatically have a good reputation and will be more the positive effects obtained. By having good quality of service, of course it is closely related to customer experience where Customer Experience covers every aspect of the company's offerings including service quality. However, many businesses ignore and are not responsible for this. They have different ideas about what Customer Experience means.

Experience means events that occur within oneself that involve every event in life, so marketers must arrange the right environment for customers and know what customers really want through the experiences they get, so that consumers feel different sensations in the products and services provided. According to Ningsih & Hurnis, (2023) Customer experience refers to the overall perception that each customer has when a buying and selling transaction occurs between a buyer and a seller. This depiction of interaction encompasses the customer's responses, which encompass cognitive, emotional, and physical aspects. The cognitive aspect plays a role in conveying information about the

product, while the emotional aspect originates from the customer's feelings or emotions regarding whether they appreciate the service provided by the owner or business during the purchasing process. To find out more about Customer Experience, The writer will conduct a survey of Kopi Janji Jiwa Tanjungbalai customers on a things related to their experience, both things that make customers disagree or agree which the problem can quickly resolved so that consumer's thoughts will be affected and reduce the experience which is not good given by the Kopi Janji Jiwa Tanjungbalai.

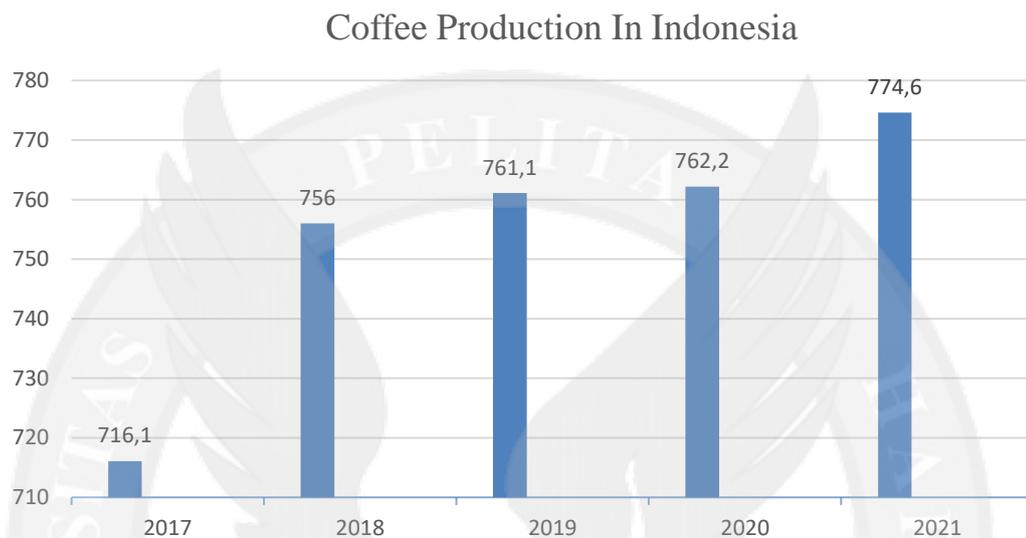
Furthermore, considering the factors mentioned earlier, product quality is also important for every business to highlight, product quality is assessed from the customer's standpoint, rather than the company's viewpoint so that there are two suggested factors which influence the product's quality, specifically encompassing the expected product quality and perceived product quality. According to Stmik & Riau (2021), As the quality of a product increases, so does the trust consumers place in it. When consumers have strong confidence in a product's quality, they are more inclined to select it when making purchases. If these consumers find the product's performance satisfactory, there is a greater likelihood that they will become repeat buyers of the product or service and when consumers plan to purchase a specific product, they typically begin by examining the prices presented by different sellers. They might even negotiate for more favorable and cost-effective products or services. The price of the offered product or service significantly influences the consumer's intention to make a purchase.(Tj et al., 2022)

One of the current businesses among the Indonesian people in the field of Food & Beverage is the business of coffee-based drinks/ Coffee shop. Lots of coffee shops have sprung up lately, and almost every coffee-based beverage outlet is busy with visitors, be it morning, afternoon or evening, even weekdays and also weekends. Speciality coffee shops in Indonesia are growing a lot and becoming really advanced. This makes all kinds of good coffee available easily. These special coffee shops are starting to show up more, especially in the big cities like the capital. Because these coffee shops are growing quickly, there's a lot of competition between them in every part of Indonesia (Adhi & Yunus, 2022).

Coffee is stated to have many benefits for our body's health as long as it is not consumed in excess, one of which is that it can improve mood, eliminate drowsiness for people who need coffee intake every day because the caffeine content can improve mood so that it becomes a strong driver why coffee is needed by many people, especially young people. Coffee's impact on mood and emotions has attracted scientific attention. Consuming a cup of coffee every four hours has been linked to an improvement in mood. Research shows that consuming moderate amounts of caffeine (the equivalent of two to five cups of coffee daily) can increase hedonic tone, which is related to the degree of pleasure or discomfort felt in certain circumstances, while reducing feelings of anxiety (Castellana et al., 2021). In addition, coffee shops are also a trend and lifestyle for various groups, they make coffee shops as a third place which means a place to gather and even social interaction that links home and work. Both young people,

teenagers to adults, many of them like to drink coffee and socialize at coffee shops, whether it's for work, campus students or freelancers.

Table 1.1. Coffee Production In Indonesia



Source: <https://databoks.katadata.co.id> (2023)

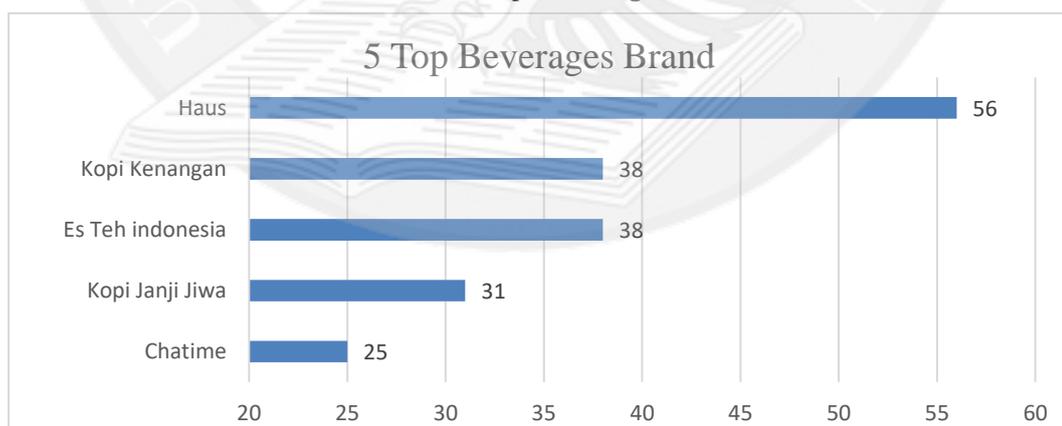
Table 1.1 is data on coffee production in Indonesia. Everyone knows that apart from being one of the countries with the most consumption, Indonesia is also one of the countries with the most coffee production in the world, which can be seen from the figure. Coffee production in Indonesia is increasing from year to year. to a year where from 2017, coffee production was only 716.1 thousand (tons). In 2018, coffee production rises to 756 thousand (tons), next in the 2019 they decrease to 761.1 thousand tons, in 2020 it rises again to 762.2 thousand(tons), Lastly for 2021 they increase to 774.6 thousands of tons.

One of the coffee shops that is very popular today is Janji Jiwa, Janji Jiwa provides a diverse menu even though it is known for its coffee dishes as the main

menu. But at the Tanjungbalai branch, Janji Jiwa only has its drinks. In Indonesia, the number of branch outlets from Janji Jiwa is 700 outlets. It is known that the development of Janji Jiwa has been very rapid in recent years with a total sale of 5 million cups per month since its establishment on 20 June 2018 (LinkUMKM, 2021). However, as time went on, similar business competitors began to arrive quite tightly. this makes Janji Jiwa a must continue to prioritize innovation and evaluation of presentations and services to reach the top brand in Indonesia.

The problem with this research is that the writer see that there are many competitors who have entered the market where Janji Jiwa is decreased and feel competitive with new competitors around, as is well known, many people are doing business that is almost the same as Janji Jiwa, where if they do not develop new strategies, or improve the quality, such as what customers don't like, so Janji Jiwa will quickly compete with other brands.

Table 1.2 5 Top Beverage Brand



Source: <https://databoks.katadata.co.id> (2023)

Table 1.2 shows that Janji Jiwa has decreased because there are competitors entering the market where can be seen in the table, in 2022 Janji Jiwa rivaled by Chatime. Janji Jiwa is in the 2nd position for the most consumed contemporary drink in 2022 which is Janji Jiwa not in the Top one. Another problem that Janji Jiwa has, especially in Janji Jiwa Tanjungbalai is the online review.

The problem with Janji Jiwa that the writer pays attention to is the number of competitors which resulted in Janji Jiwa not being at the highest level of the Beverages category.

Table 1 3. Local Price Comparison with Competitor

| Menu | Janji Jiwa | Copy Paste |
|-------------------|-------------------|-------------------|
| Iced Matcha | 25,000 | 20,000 |
| Vanilla Latte | 23,000 | 20,000 |
| Caramel Latte | 23,000 | 20,000 |
| Hazelnut Latte | 23,000 | 20,000 |
| Americano | 15,000 | 12,000 |
| Caramel Macchiato | 23,000 | 15,000 |
| Earl Grey Tea | 18,000 | 12,000 |

Source: Prepared by Writer (2023)

From the table above, it shows the comparison between Janji Jiwa itself with the local competitor which is Copy Paste, Copy Paste is a local brand in Tanjungbalai. which also sells coffee, beverages and some snacks. Copy Paste is also very crowded which can be a competitor of Janji Jiwa. As can be seen from the table above, all Copy Paste products are more affordable/cheap than Janji Jiwa, I think its one of the reasons that Janji Jiwa is competed by the competitor.

Janji Jiwa Tanjung Balai also gets a lot of bad reviews online which the

writer can get from Google Reviews. Online reviews are a key element of the business in this digital age and play a crucial role in shaping customer perception.

Table 1.4. Online Review of Janji Jiwa Tanjungbalai

| Number | Date | Name | Rating | Review |
|--------|-----------------|----------------|--------|---|
| 1 | Oktober, 2021 | Suka Yang Enak | 4 | Sama seperti janji jiwa lainnya kl untuk rasa. Pelayannya ngga apik, repot sama kuteknya. |
| 2 | September, 2020 | Prana Citra | 3 | Kufinya sprti kurang Takaran sehingga kufi nya kurang terasa jika di minum |
| 3 | Juni, 2020 | Yu Di | 2 | Attitude crew nya tolong dibenerin lg ya, bercanda boleh, tp sopan santun itu penting |
| 4 | April, 2020 | Ketrin Samosir | 1 | Gak recommed utk tpt nongkrong. Gak bersahabat karyawannya. Sekedar tambahan, sebaik ny pesanan diantar ke tpt meja yg pesan. Seperti ditpt cafe yg biasa. Thanks |
| 5 | Juli, 2020 | Abdul Malik | 1 | Masih biasa rasa nya... Belom sesuai harga dan rasa |
| 6 | Agustus 2021 | Rizqi Azhari | 1 | tolonglah untuk pelayannya diperbaiki. saya mau beli, bukan minta lho. masa ngomong sama pelanggan membelakangi, cetus dan sambil main game sih? kopinya kekinian, pelayannya primitive |
| 7 | Desember, 2022 | Monikwati | 1 | Karyawan tidak memakai masker saat membuat pesanan. Padahal saat ini pandemi dan kasus sedang banyak banyaknya. Karyawan perlu diterbikan. |
| 8 | Desember, 2021 | Pak C | 1 | Volume musiknya perlu dikecilkan |

Source: <https://restaurantguru.com/Janji-Jiwa-Tanjung-Balai/reviews/google>

As can be seen from the table above, there's a lot of bad online review that comes from the customers of Kopi Janji Jiwa Tanjungbalai that related to their own customer experience which from some of them they didn't recommend Kopi Janji Jiwa based on their own experience maybe because of the service quality, product quality and also the price. Therefore, this research was conducted to see whether these factors really can affect the customer repurchase intention in Kopi Janji Jiwa Tanjungbalai. Therefore, with this research problem stated above, the writer decided to do the research with title **“Effect of Customer Experience, Perceived Price, Service Quality and Product Quality towards Customers Repurchase Intentions in Kopi Janji Jiwa Tanjungbalai”**.

1.2 Problem Limitation

For this study, the scope of the research must be limited in order to stay focused on a limited identified variables where the writer will distribute questionnaires only to consumers who have drunk Kopi Janji Jiwa Tanjungbalai, The questionnaires period for this research is for 1 week. this research will only be limited to "Customer Experience", "Perceived Price", "Service Quality" and "Product Quality" as Independent Variable (X) and Repurchase Intention as Dependent Variable (Y)

1.3 Problem Formulation

1. Does Customer Experience have a partial effect on Customer Repurchase Intention at Janji Jiwa Tanjungbalai?

2. Does Perceived Price have a partial effect on Customer Repurchase Intention at Janji Jiwa Tanjungbalai?
3. Does Service Quality have a partial effect on the Customers Repurchase Intention at Janji Jiwa Tanjungbalai?
4. Does Product Quality have a partial effect on the Customers Repurchase Intention at Janji Jiwa Tanjungbalai?
5. Do Customer Experience, Perceived Price, Service Quality, and Product Quality simultaneously affect Customer Repurchase Intention at Janji Jiwa Tanjungbalai?

1.4 Objective of the Research

This study aims to:

1. To Explain the partial effect of Customer Experience on Customer Repurchase Intention at Kopi Janji Jiwa Tanjungbalai.
2. To Explain the partial effect of Perceived Price on Customer Repurchase Intention at Kopi Janji Jiwa Tanjungbalai.
3. To Explain the partial effect of Service Quality on Customer Repurchase Intention at Kopi Janji Jiwa Tanjungbalai.
4. To Explain the partial effect of Product Quality on Customer Repurchase Intention at Kopi Janji Jiwa Tanjungbalai.
5. To Explain the simultaneous effect of Customer Experience, Perceived Price, Service Quality and Product Quality on Customers Repurchase Intention at Kopi Janji Jiwa Tanjungbalai.

1.5 Benefits of the Research

1.5.1 Theoretical Benefits

This study was made to provide knowledge about whether there is evidence that Customer Experience, Perceived Price, Service Quality and Product Quality are affecting the Repurchase Intention of Kopi Janji Jiwa Tanjungbalai customers. In addition, this research is also expected to provide knowledge and general information that can be applied and used as references for further research.

1.5.2 Practical benefits

The aim of this research was hoped to be able to help Kopi Janji Jiwa Tanjungbalai in having knowledge and information about Customer Experience, Perceived Price, Service Quality, Product Quality in building a good business. This research can also be used as input in carrying out Kopi Janji Jiwa activities in the present and in the future , even other companies that are facing the same problem., where the resulting information can be implemented in compiling the effect of Customer Experience, Perceived price, Service Quality, Product Quality on Repurchase Intention.