

CHAPTER I

INTRODUCTION

1.1 Background of the Study

At the present time, café and restaurant business are growing rapidly, particularly in big cities. Many new entrepreneurs open coffee shop businesses with a variety of concepts or ideas that are made to reach their customers from various social groups. In addition to several locations in even small towns also many cafes have sprung up, this is inseparable from the support of the local government which makes it easier to set up a business (Triutami, 2022).

Cafes are a type of business that quickly grows as people's lifestyles change. Cafe is a place that is synonymous with tables and chairs that are neatly arranged and a comfortable sofa, selling various variants of beverages and light meals as a support accompanied by the strains of music and a comfortable atmosphere can be felt by customers (Wachdijono & Yahya, 2021).

With the expansion of cafe business, customers consider many things when making choices. The most important factor consumers consider are the price and quality of the product. However, many cafes are currently offering the same menu for almost the same price. As my number of competitions in this industry grows. This is the background in the selection of research sites One O One Cafe and Bistro, Medan.

Brand image development strategies carried out by companies to attract and retain consumers long enough for them to be able to remember the characteristics

typical of products or services issued by a company used to encourage loyalty and give trust in the product used. Building a brand image is one of the strategy done by companies to engage in café business (Sawhani, 2021).

Social media information is real time and has a big influence on society. Therefore, social media is considered more effective, efficient, and relevant. The role of the internet currently not simply to search for information, but also has great potential as a marketing tool. Internet marketing or electronic marketing (e-marketing) is a marketing that utilize online media. There are a lot of social media that develop and support for conduct e-marketing, such as Instagram, Facebook, Twitter, and other social media (Sawhani, 2021).

Servicescape is a style and form of the physical environment and sensory components that are encountered by customers when receiving service (Kusuma, 2023). A good servicescape can attract new consumers, make public trust in the brand and make purchase that are being offered because the business has been known to have a positive reputation. The efficiency of this marketing servicescape will provide maximum results to business or companies and even increase the productivity of a business venture, which is reflected in the high level of purchasing decisions. Servicescape is very important for business interests, because the quality of servicescape is the core of running the business. If the servicescape is good, the customers who come will be pleased, become loyal customers, and make repeat purchases.

This research was conducted in the One O One Cafe and Bistro, Medan. One O One Cafe and Bistro, Medan is located at Jl. Kapten Sumarsono Graha

Metropolitan ruko No.32B & 32C, Medan. According to Asman and Apriliani (2020), Customer purchase decision is defined as the process of a series of stages that a customer go through when considering purchasing a product or service. Customer purchase decisions are affected by the integration when customer obtained about brand and become the value of consideration. It's important to understand the consumer decision-making process because it allows companies to anticipate the needs of consumers, which allows the company plan marketing or sales strategies based on those needs.

The following table shows the customers' purchases at the One O One Cafe and Bistro, Medan decreased. It decreased from 2021 to 2022.

Table 1. 1 Sales Data at One O One Cafe and Bistro, Medan (2021-2022)

Month	2021	2022
January	70.253.000	47.535.000
February	57.562.000	41.568.000
March	63.532.000	48.965.000
April	55.415.000	56.547.000
May	64.562.000	49.254.000
June	58.563.000	47.053.000
July	59.658.400	46.527.000
August	47.568.000	38.311.500
September	51.480.000	46.584.000
October	52.524.000	34.058.000
November	48.565.000	41.564.000
December	51.394.000	52.583.000
Total	681.076.400	550.549.500

Sources: Prepared by the Writer (One O One Cafe and Bistro, Medan, 2023)

Table 1.1 from the data above, it can be concluded that the decline in sales at One O One Cafe and Bistro, Medan indicates that there is a decrease in purchasing decisions. In 2021 the highest sales occurred in March 2021 then the lowest occurred in August while in 2022 the highest occurred in April and then the lowest occurred in October 2022.

Brand image at One O One Cafe and Bistro, Medan is negative in the minds of customers due to inconsistent food that creates customer disappointment that resulted in many customers who give a low rating at google review and grab food.

Table 1. 2 Review Data of One O One Cafe and Bistro, Medan (2022)

Review	Rating Grab Food	Rating Google Review
<i>Resto masak tidak sesuai memasaknya.. asal masak.</i>	1	
<i>Ayamya tidak matang</i>	1	
<i>Nasi gorengnya keras</i>	3	
<i>Kemasan asoinya tidak di selotip atau twist tiew pada hal harganya 49rb</i>	1	
Gak perlu komentar lah, bintang aja..		1
Food is ok, but inside the cafe a little bit smelly, price very expensive, i order ayam geprek it cost me 45K. And ordered another only the chicken cost 40K, emping 25K. Damn! don't make sense..will never back again. Thank you		1
Interior cafe yang simpel & minimalis		2
Sangat mahal		1

Sources: Prepared by the writer (Review at One O One Cafe and Bistro, Medan, 2022)

Table 1.2 is the data based on the ratings on Grab food and Google review ratings. The consumers mostly complaints on the quality of food, the service performed, cafe interiors and packaging as well as expensive prices. Therefore, most of the consumers will be hesitate before deciding to make a purchase in One O One Cafe and Bistro, Medan due to the complaints and bad ratings given by consumers. This can be a threat to One O One Cafe and Bistro, Medan if no improved development is made to generate a positive customer review, good ratings, and brand image. One O One Cafe and Bistro, Medan carries the theme of

cafe nusantara, very suitable for a place to hang out with family & friends at affordable prices. However, there are number of complaints that the price is expensive such as fried tempe prices ranging from Rp. 21,000 for only 3 pieces. Many customers consider it too expensive and not in accordance with the quality of food. This triggers a negative image of the customer.

Some of the competitors of this One O One Cafe and Bistro, Medan are:

Table 1. 3 Competitors Data of One O One Cafe and Bistro, Medan

Name	Since	Ratings Google	Service Complaints
One O One Cafe and Bistro	2016	4.3	354 ulasan
Morning Glory Coffe	2015	4.4	386 Ulasan
Koffkin	2022	4.8	18 ulasan

Sumber: One O One Cafe and Bistro, Morning Glory Coffe and Koffkin (2023)

Based on the ratings on Google Review, it can be seen that Koffkin and Morning Glory Coffee have higher rating than One O One Cafe and Bistro. Morning Glory Coffee has 5 stars in term of service which it indicates Morning Glory Coffee have a good service. Unlike Morning Glory Coffee and Koffkin, One O One Cafe and Bistro majority complained are about the service, food, price and the level of cleanliness. One O One Cafe and Bistro, Medan attempts to compete and follow technological developments by utilizing the instagram application as a food and beverage promotion strategy to customers.



Figure 1. 1 Instagram One O One Cafe and Bistro, Medan

Sources: Prepared by the writer (One O One Cafe and Bistro, Medan, 2023)

Figure 1.1 One O One Cafe and Bistro, Medan started using Instagram in August 2016 with 1,806 posts and active ads to reach more customers. One O One Cafe and Bistro, Medan frequently post photos and reels video of the products, the promotions, and the services they provide. One O One Cafe and Bistro, Medan also endorses some Instagram celebrities such as Jejezhuang, *Kuliner Koko*, *Kuliner Medan*, Sally Wika and Xherry H. The action done by One O One Cafe and Bistro, Medan is to showcase their product and build their brand image to encourage customer purchase decision from Instagram social media platform.

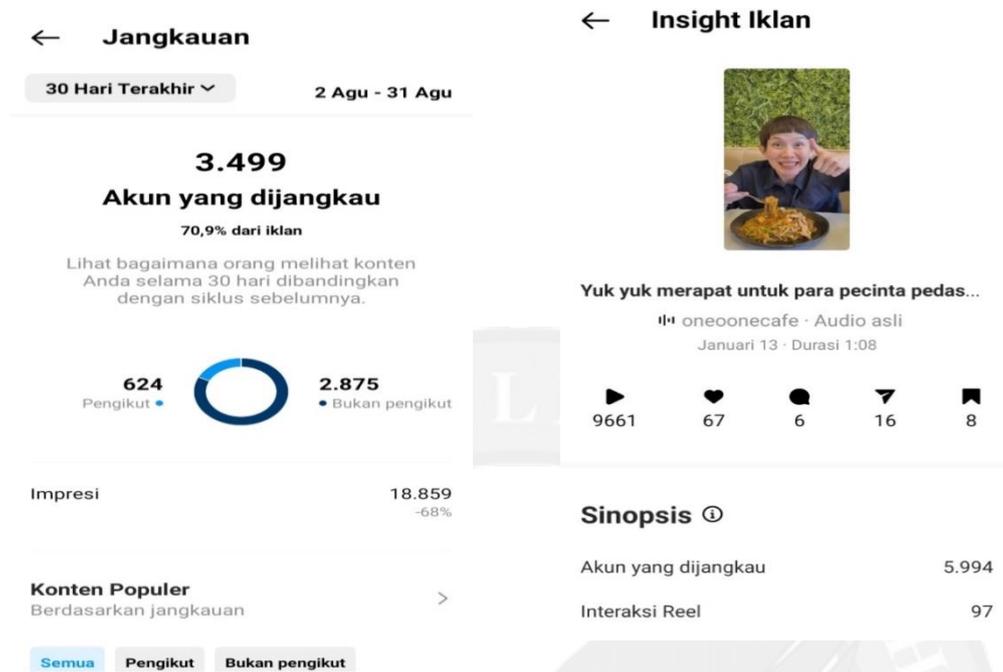


Figure 1. 2 Instagram reach at One O One Cafe and Bistro, Medan

Sources: Prepared by the writer (One O One Cafe and Bistro, Medan, 2023)

Figure 1.2 showed during the month of August, The One O One Cafe and Bistro, Medan instagram content has reached for 3,499 accounts and 70.9% of the account reached are from instagram advertisement but the impression on the contents has decline until -68%. One O One Cafe and Bistro, Medan also make advertisement from their reels, that reach 5,994 account and have 97 interactions for the reels. Although One O One Cafe and Bistro, Medan has collaborated and endorsement with various Instagram influencer in Medan, but the promotion has still has not been able to increase sales of One O One Cafe and Bistro, Medan. This is because One O One Cafe and Bistro, Medan is not too active in making interesting content such as sharing various new food videos, reviews from customers and so on that can attract interest in visiting again.

Servicescape is defined as the physical environment where a service is consumed or delivered and the places where both the company and customer interactions with each other. It has a powerful impact on the assessment, perception, and response of the customer. Here are some reviews related to the servicescape at the One O One Cafe and Bistro, Medan that can be seen in Figure 1.3, namely:

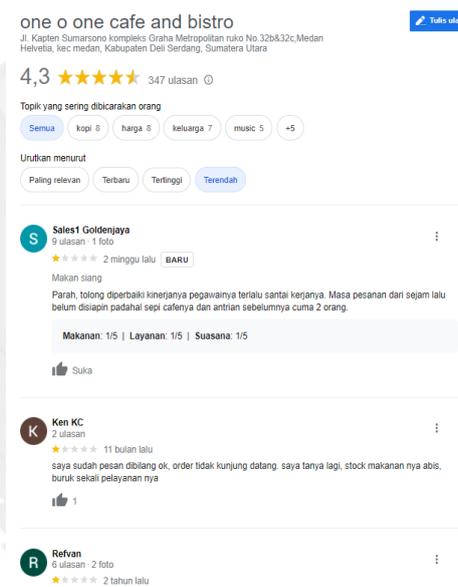


Figure 1. 3 Google Review at One O One Cafe and Bistro, Medan

Sources: Prepared by the writer (One O One Cafe and Bistro, Medan, 2023)

Based on Google Review that made by customers of One O One Cafe and Bistro, most are about the service where most of customer stated that the service is very slow even when the cafe is not in a crowded situation and the employees is not fast response, bad attitude and not professional. Some customers complained about the cleanliness where most of customer stated that it is not well maintained especially in the bathroom. The bad customer experience can cause One O One Cafe and Bistro have become cafes that is not recommended to visit.

From the above explanation, the writer decides to conduct research entitled **“The Influence of Brand Image, Instagram Social Media Marketing and Servicescape toward Customer Purchase Decision in One O One Cafe and Bistro, Medan”**.

1.2 Problem Limitation

Due to limitation of time and budget this research focused to One O One Cafe and Bistro, Medan that Brand Image (X_1), Instagram Social Media Marketing (X_2), Servicescape (X_3), and Customer Purchase Decision (Y). One O One Cafe and Bistro, Medan is located at Jl. Kapten Sumarsono Graha Metropolitan ruko No.32B &32C, Medan. The implementation period is from August to October 2023.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Brand Image have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan?
2. Does Instagram Social Media Marketing have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan?
3. Does Servicescape have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan?
4. Do Brand Image, Instagram Social Media Marketing and Servicescape have influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Brand Image have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan.
2. To analyze whether Instagram Social Media Marketing have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan.
3. To analyze whether Serviscape have partial influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan.
4. To analyze whether Brand Image, Instagram Social Media Marketing and Serviscape have simultaneous influence on Customer Purchase Decision in One O One Cafe and Bistro, Medan

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used :

1. To expand the factors that cause an increase in purchasing decisions such as Brand Image, Instagram Social Media Marketing and Serviscape
2. To improve the problems associated with research Brand Image variable, Instagram Social Media Marketing variable, Serviscape variable and Customer Purchase Decision variable.

3. To develop the relevant theories especially in the Brand Image, Instagram Social Media Marketing and Servicescape and its influence towards Customer Purchase Decision.

1.5.2 Practical Benefit

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge regarding Brand Image, Instagram Social Media Marketing, Servicescape and Customer Purchase Decision.

2. For the One O One Cafe and Bistro, Medan.

To provide useful suggestions for the One O One Cafe and Bistro, Medan in increasing Customer Purchase Decision especially improving the Brand Image, Instagram Social Media Marketing and Servicescape.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.