

# CHAPTER I

## INTRODUCTION

### 1.1 Background of The Study

In the present day, food and beverage industry is growing rapidly and will continue to grow in term of developing the product quality, product types, and the service provided by food and beverage business executives. Due to this situation, competition in food and beverage industry will increase and become more stringent where this situation can be considered as a threat to a beginner and small & medium enterprise (SME) business in food and beverage industry. There are several types of business under food and beverage industry, such as: restaurant, café, online business, food court, etc. (Berliansyah and Suroso 2018). From the several types of food and beverage business, the most popular in this era is restaurant and café. A lot of millennial and gen z people like to visit restaurant or café with several purpose such as: to do assignment, to meet client; colleagues: friends, hang out, or just to enjoy the product and services provide by the restaurant or café.

Restaurant or café is a place that sell food and beverage where this place will also provide service to the customer. In order to give a good review to a restaurant or café, usually customer does not only consider by the product quality, customers will also consider the service provided by the restaurant or café and also the atmosphere of the restaurant or café. According to Solunoğlu (2019), restaurant or café need to provide a good environment to make customer enjoy the atmosphere, relax and have a pleasant time at the restaurant or café.

Along with development of technology, online reviews have become a source of information which also can be a motivation for someone to buy a product or visit a place. Online review can be accessed from several sources such as from website of the company and the review from influencers or famous people through social media. Online review included as verbal communication where through text, photo, and video someone can convey a review of an object or place. When technological developments were not yet advanced, information about a product or place was conveyed from person A to person B directly, this is usually called as Word of Mouth (WOM). Over time, technology has advanced and developed rapidly where now information related to a product or place can be accessed from online resources, this is usually called as Electronic Word of Mouth (E-WOM). Electronic word of mouth is non-direct communication method which also one of the results of technological developments that are used by people to provide reviews of products or places in positive, neutral, or negative way. According to Ayuningtiyas (2023), electronic word of mouth (E-WOM) is defined as activities on internet to interact with people and share experiences. Due to the content of electronic word of mouth which provide information about someone's experiences of products or places, indicating that electronics word of mouth can influence customer purchase decision.

In the digital era, internet is very helpful for people in term of finding information, news, sharing experience, etc. In this situation, internet is very helpful for a business in term of marketing to promote products or services sold by a company. Social media is a platform for companies to market, promote, and sell

products or services sold by the company. Promoting, marketing, and selling products or services through social media is usually called as social media marketing. Social media marketing will really help potential buyers to decide whether to buy a product or not. This is because through social media, usually company will post photos and videos of the product from the company and will also post the ongoing or upcoming promotion. According to Eileen (2018), social media is not just a platform for a company to market its product. However social media can give opportunity for the company to grow by selling and promoting the product using social media.

The atmosphere of the store is the first part that is seen by customers to make decisions in order to visit and buy products at the store or not. In the present day, store atmosphere is a significant factor influencing customer decisions such as store decoration, store location, store facilities, etc. In the present day, millennial and gen z people like to visit restaurant or café with a good, unique, and aesthetic design. Moreover, if the restaurant or café comfortable, the food and beverage taste good, and affordable price. This kind of restaurant or café will be a choice for people to visit. According to Rachelle (2022), pleasant store atmosphere can stimulate customer interest to visit and purchase the products that sell by the company.

The situation when customer decided a brand or product to purchase is called purchase decision. Usually, purchase decision is made by customer when customer is influenced by some factors. According to Azizah (2020), purchase decision is decision made by an individual after comparing some options, such as comparing one brand with other by compare the brand, price, location, and quality.

Customer made purchase decision when customer like the brand and customer have interest to purchase the brand's product. Besides product and service of a brand, E-WOM, social media marketing, and store atmosphere can be the factors of customer do a purchase decision. Purchase decision is an activity made by an individual in order to purchase a product (Putra. S. M. (2020)). In order to gain sales, company has to make a good marketing to attract customer to make decision to purchase a product.

In this research, writer obtained the data of the number of customers who has purchased at Glory Coffee Medan from the owner of Glory Coffee Medan Which the data can be seen below

**Table 1.1 Number Customer of Glory Coffee Medan January - July 2023**

No	Month	Number of Customer
1	January	2640
2	February	2508
3	March	2754
4	April	2478
5	May	2403
6	June	2763
7	July	2541

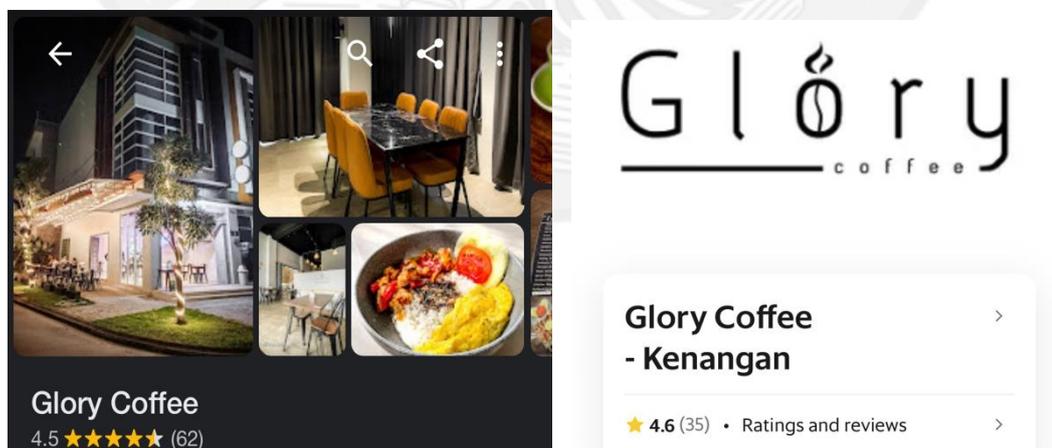
Source: Prepared by Writer (2023)



**Figure 1.1 Number Of Customer Graph**

Source: Prepared by Writer (2023)

From Table 1.1 and Figure 1.1, it can be seen that the number of customers who has purchased at Glory Coffee Medan is up and down which means it is not stable. It can be seen the highest increase was happened at June where from may it increase by 14.9% where the higher decrease was happened at April where from March it decreases by 10.02%. In order to determine the cause of unstability happened in Glory Coffee Medan, writer decided to do research by using customer purchase decision as variable



**Figure 1.2 Customer Review of Glory Coffee Medan at Google Review and Grab**

Source: Prepared by writer (Google Review & Grab 2023)

According to Figure 1.2, at Google Review Glory Coffee Medan got 4.5/5 points from 62 reviewer. While according to online application (Grab) Glory Coffee Medan got 4.6/5 points from 35 reviewer which both of the results are consider as good. However, in the context of electronic word of mouth, it's not good enough since there are some bad reviews which can be a threat to Glory Coffee Medan. This situation can happen if the statistics of bad review is more than good review which means low percentage of electronic word of mouth can give a low percentage of low customer purchase decision. Below are some reviews of Glory Coffee Medan at Google Review and Grab:

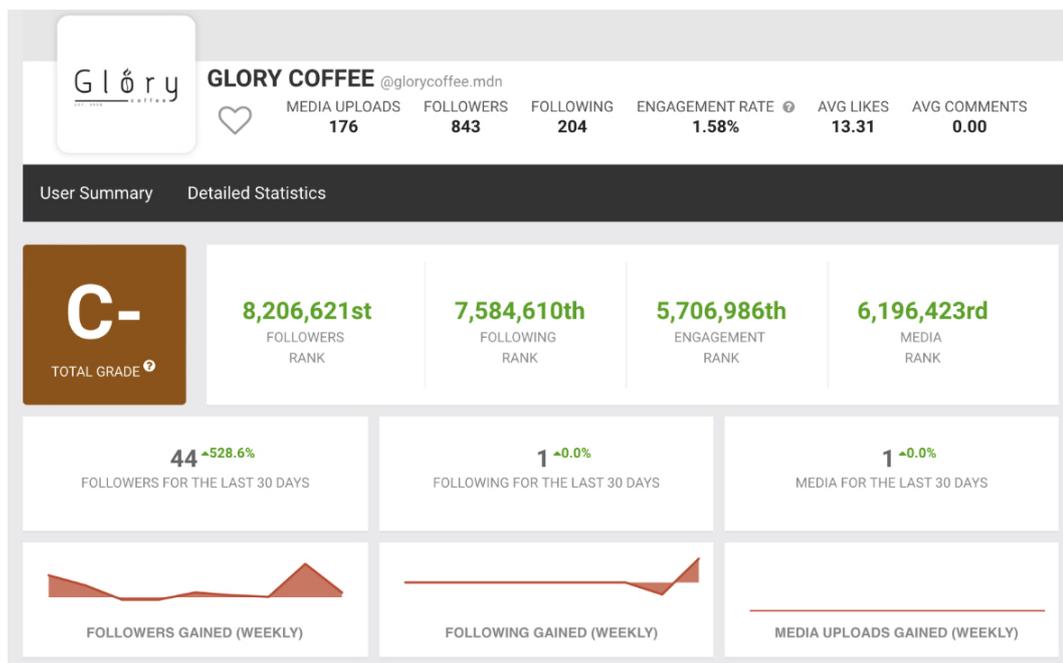
**Table 1.2 Review of Glory Coffee Medan**

<b>Rate</b>	<b>Review</b>
5	Taste good, cheap, and good place to hang out (BZ, a year ago)
	Good place, food taste is good but lack seasoning (SS, a month ago)
4	Place is nice, taste of food average (KY, 4 months ago)
	place is nice, food is average, the spaghetti aglio olio was way too oily, the spaghetti carbonara was too mushy (MW, a year ago)
3	Place is comfortable, but please provide a mini mosque (prayer room) for Muslim friends to pray (MR, a year ago)
	Overall, just so so (M, a year ago)
2	Place is good, but when i come the indoor smell bad, food just ok (MT, 2 days ago)
1	Ordered bakwan and it took so long, and not done yet, was in hurry to go but still told to pay (AF, 7 months ago)
	Doesn't taste like japanese curry and not look alike with photo (JN, 9 months ago)

Source: Prepared by writer (2023)

Table 1.1 is data that writer made according to the review from Google and Grab. The writer only took some data from 2 sources in order to use it as the base

of the research. As shown in Table 1.1, there are some bad reviews about the store atmosphere, and food. This can be a threat to Glory Coffee Medan if there are no development to be better in the future. Since nowadays a lot of people will search information online because of the development of technology.



INSTAGRAM STATS SUMMARY / USER STATISTICS FOR GLORYCOFFEE.MDN ( 2023-10-10 - 2023-10-23 )							
DATE		FOLLOWERS		FOLLOWING		MEDIA	
2023-10-10	Tue	–	822	–	203	–	175
2023-10-11	Wed	+3	825	–	203	–	175
2023-10-12	Thu	–	825	+1	204	–	175
2023-10-13	Fri	+1	826	–	204	–	175
2023-10-14	Sat	-1	825	–	204	–	175
2023-10-15	Sun	–	825	–	204	–	175
2023-10-16	Mon	+1	826	–	204	–	175
2023-10-17	Tue	+13	839	–	204	–	175
2023-10-18	Wed	–	839	–	204	+1	176
2023-10-19	Thu	+2	841	–	204	–	176
2023-10-20	Fri	+4	845	–	204	–	176
2023-10-21	Sat	+1	846	–	204	–	176
2023-10-22	Sun	-2	844	–	204	–	176
2023-10-23	Mon	-1	843	–	204	–	176
Daily Averages		+2		+1		+1	
Last 30 days		+60		+30		+30	

**Figure 1.3 Overview of Glory Coffee Medan Social Media Account (Instagram)**

Source: <https://socialblade.com/instagram/user/glorycoffee.mdn> (2023)

According to Figure 1.2, it shown that in the past 30 days Glory Coffee Medan gain 60 followers which mean that some customers are searching about Glory Coffee Medan and feel interested with Glory Coffee Medan’s social media. Glory Coffee Medan frequently post about the photos of the products, video about the products and store atmosphere, and the promotion Glory Coffee Medan have. Due to the action done by Glory Coffee Medan, it can attract customer from social media platform. In addition, social media marketing can be a threat to Glory Coffee Medan as well. It shown on Table 1.1 that there are people who complain about the food doesn’t look alike with the photo.



**Figure 1.4 Store atmosphere of Glory Coffee Medan**

Source: Prepared by writer (2023)

The writer done an observation to observe the store atmosphere of Glory Coffee Medan, Glory Coffee Medan has comfortable atmosphere especially indoor, the indoor give a very comfortable vibes which can make customer feel comfort when chill or hang out at Glory Coffee Medan. In addition, for the outdoor need more fan since in the afternoon the weather is very hot which means customer will feel uncomfortable when dine in at Glory Coffee Medan's outdoor.

The problem of Glory Coffee Medan is some of customer still have a bad impression of Glory Coffee Medan which the customer state it on the review that can be seen on Table 1.1 about the store atmosphere which store atmosphere is one of the main reasons why customer choose to visit and purchase at a café or restaurant. Having a bad review online, it can change customer mindset when the customer search information about Glory Coffee Medan and start to compare it with another café or restaurant. That is why electronic-word of mouth (E-WOM) is important. If the company have a good E-WOM the sales will also increase. E-WOM can be seen from the review of previous customer, content of previous

customer, etc. Besides store atmosphere and E-WOM, social media marketing is also the reason why customer choose to visit and purchase at a café and restaurant. In addition, by using social media, customer can compare one café or restaurant with another. In addition, Glory Coffee Medan's social media marketing is not well maintained enough if compared with other café's social media. Posting content in social media can gain social media insight which can make Glory Coffee Medan become a well-known café in social media and can make customer interest to purchase at Glory Coffee Medan.

Based on the background study above, the writer decided to find out if the E-WOM, social media marketing, and store atmosphere will influence customer purchase decision and the writer will write the research in the form of final paper entitled **“THE INFLUENCE OF E-WOM, SOCIAL MEDIA MARKETING, AND STORE ATMOSPHERE TOWARD CUSTOMER PURCHASE DECISION AT GLORY COFFEE MEDAN.”**

## **1.2 Problem Limitation**

This research is conduct to know specifically whether E-WOM, social media marketing, and store atmosphere can influence customer purchase decision at Glory Coffee Medan. In this research, writer use 3 independent variables and 1 dependent variable, such as:

1. Electronic word of mouth (E-WOM) as independent variable (X1) with the indicators are intensity, valance of opinion, and content. (Goyette I. Et al, 2010 cited in Amanda., et al, 2021)

2. Social media marketing as independent variable (X2) with the indicators are interaction, trendiness, advertisement, and entertainment. (Bilgin 2018)
3. Store atmosphere as independent variable (X3) with the indicators are store exterior, general interior, interior display, and store layout. (Berman et al, 2013 cited in Christabella et al 2023)
4. Customer purchase decision as dependent variable (Y) with the indicators are interest, desire, attention, and brand awareness. (Rachelle 2023)

This research is conducted at Glory Coffee Medan which located at Komplek Citraland Gama City Blok R6 No 77 Medan

### **1.3 Problem Formulation**

In order to elaborate the influence of E-WOM, social media marketing, and store atmosphere toward customer purchase decision at Glory Coffee Medan, the writer formulated the problem as follows:

- a. Does the E-WOM have partial influence on the customer purchase decision at Glory Coffee Medan?
- b. Does the social media marketing have partial influence on the customer purchase decision at Glory Coffee Medan?
- c. Does the store atmosphere have partial influence on the customer purchase decision at Glory Coffee Medan?

- d. Do E-WOM, social media marketing, and store atmosphere have simultaneous influence on customer purchase decision at Glory Coffee Medan?

#### **1.4 Objective of research**

As a result of this research, writer is intent to find the objective such as:

- a. To identify the influence of E-WOM toward customer purchase decision at Glory Coffee Medan.
- b. To identify the influence of social media marketing toward customer purchase decision at Glory Coffee Medan.
- c. To identify the influence of store atmosphere toward customer purchase decision at Glory Coffee Medan.
- d. To identify the influence of E-WOM, social media marketing, and store atmosphere toward customer purchase decision at Glory Coffee Medan.

#### **1.5 Benefit of the research**

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

This research can help writer to know the theory of E-WOM, social media marketing, store atmosphere, and customer purchase decision. In order to analyze how E-WOM, social media marketing, and store atmosphere influence customer purchase decision.

### 1.5.2 Practical Benefit

Below is the practical benefit from this research:

a. For writer

To gain writer's knowledge by doing research and read information, journal, and books of E-WOM, social media marketing, store atmosphere, and customer purchase decision. Writer can also implement the knowledge got from this research in the working field

b. For company

To gain company overview how E-WOM, social media marketing, and store atmosphere can influence customer purchase decision and company can make an improvement to the business

c. For another researcher

To gain other researcher knowledge about E-WOM, social media marketing, store atmosphere, and customer purchase decision in order to help other researcher to conduct research that has similar topic.