

CHAPTER I

INTRODUCTION

1.1 Background of the Study

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).

Along with the increasing mobility and modern lifestyle, especially in big cities in Medan, the growth of coffee shops has become relatively rapid. Not only drinking coffee, but usually, coffee shops are also a destination for some groups to carry out certain activities, such as meeting business partners, gathering with work friends, reunions, and even discussion areas for young people. The presence of cafes with accessible locations is very convenient to the public, both in malls and roadsides, making competition between coffee shops incredibly tight (Uta, Kusuma, & Jodi, 2022). The development of the cafe business in Indonesia is currently multiplying. This number of cafes has sprung up, providing comfortable places with attractive interior designs and offering various facilities such as free Wi-Fi, friendly service, available menu variations, and even live music that attracts consumers' buying interest. The growth and the competition force every coffee shop to serve the best for its customers.

Cafe atmosphere is an environmental design such as visual communication, lighting, color, music, and aroma to simulate customer perceptual and emotional responses and ultimately affect their buying behavior. Berman and Evans (2019) stated that the image of firms depends on the firm atmosphere. Store atmosphere contributes greatly to images projected to customers. The atmosphere is understood through the customer's psychological feelings when visiting a store. Similarly, atmosphere refers to the design of the environment through visual communication, lighting, color, music, and smell to stimulate the customer's perceptual and emotional responses and ultimately influence buying behavior. It also can affect people's enjoyment in shopping and spending time at the café.

Product quality refers to how well a product satisfies customer needs, serves its purpose and meets industry standards. When evaluating product quality, businesses consider several key factors, including whether a product solves a problem, works efficiently or suits customers' purposes. Companies may also evaluate product quality based on various perspectives that show how different groups perceive the usefulness of a product. Perspectives to consider when assessing product quality include customer perspectives, manufacturing perspectives, product-based and value-based perspectives and transcendental perspectives, which perceive a product's value in relation to its cost (Purnawarman, Herman, & Pradhanawati, 2022).

Service quality is a key determinant of an organization's reputation and profitability. Companies that want to improve their reputation and generate more profits must constantly measure and improve the quality of their services. Service

quality measures a company's service delivery against customer expectations. This service quality definition confirms that customers have certain expectations and standards of how the company should deliver services to fulfill their needs. Firms with high service quality match or exceed customer expectations. On the other hand, companies that fall below customer standards and expectations risk a negative reputation due to poor service quality (Sinmabela, 2019).

With the expansion of the cafe business, customers consider many things when making choices. The most important factors 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 Warung Kopi Srikandi Cemara Asri.

The research was conducted in Warung Kopi Srikandi Cemara Asri located in JL. Boulevard Timur No.80-82, Medan Estate, Medan.



Figure 1. 1 Logo of Warung Kopi Srikandi Cemara Asri

Sources: Prepared by the writer (Warung Kopi Srikandi Cemara Asri, 2024)

Repurchase intention is a repurchase intention because getting products or services in accordance with the wishes of consumers who can generate consumer interest to consume it again at a later date. The following table shows the customers' purchases at Warung Kopi Srikandi Cemara Asri declined. It declined from 2021 to 2023.

Table 1. 1 Sales Data at Warung Kopi Srikandi Cemara Asri (2021-2022)

Year	2021	2022
2021	781.076.400	47.535.000
2022	650.549.500	41.568.000
2023	563.532.000	48.965.000

Source: Warung Kopi Srikandi Cemara Asri (2024)

Table 1.1 from the data above, it can be concluded that the decline in sales at Warung Kopi Srikandi Cemara Asri indicates that there is a decrease in purchasing decisions.

Here is the atmosphere of the Warung Kopi Srikandi Cemara Asri as



Figure 1. 2 Atmosphere of Warung Kopi Srikandi Cemara Asri

Sources: Prepared by the writer (Warung Kopi Srikandi Cemara Asri, 2024)

Figure 1.2 shows that pointed out that the location is narrow so that customers have difficulty parking safely and comfortably, furniture that impressed the old. The seating distance for indoors is too close to make customers less comfortable in moving, the room is soundproof so that it triggers noise, outdoors which does not create a comfortable impression because of the heat.

Here are some reviews related to the quality product at Warung Kopi Srikandi Cemara Asri that can be seen in Figure 1.3, namely:

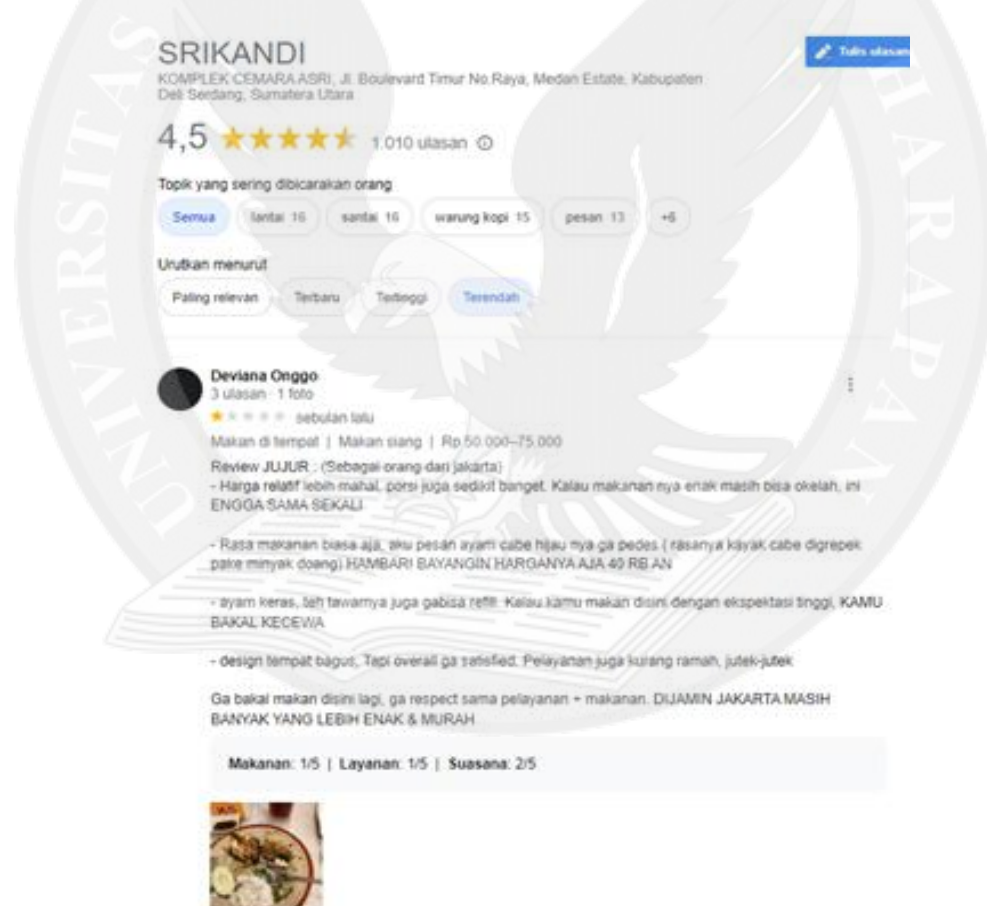


Figure 1. 3 Quality Product of Warung Kopi Srikandi Cemara Asri

Sources: Prepared by the writer (Warung Kopi Srikandi Cemara Asri, 2024)

Figure 1.3 shows that the customer's disappointment with the food served by Warung Kopi Srikandi Cemara Asri. The quality of the food is not well maintained which triggers customer dissatisfaction so as to give a bad review and give a low twig. Customer complaints relate to inappropriate portions and prices of food, inconsistent taste of food due to crowds. Some of these things make customers not recommend to others as well as friends and family.

Service quality is the physical environment where a service is consumed or delivered and the places where both the company and customer interact with each other. Here are some reviews related to the Service quality at the Warung Kopi Srikandi Cemara Asri that can be seen in Figure 1.4, namely



Figure 1. 4 Service Quality of Warung Kopi Srikandi Cemara Asri
Sources: Prepared by the writer (Warung Kopi Srikandi Cemara Asri, 2024)

Based on the Google Review made by the customers of Warung Kopi Srikandi, Cemara Asri most are about the service where most of the customers stated that the service is very slow even when the cafe is not in a crowded situation and the employees are not fast response, bad attitude and are not professional. The bad customer experience caused Warung Kopi Srikandi Cemara Asri to become a cafe that is not recommended to be visited.

From the above explanation, the writer decides to conduct research entitled **“The Influence of Cafe Atmosphere, Product Quality, and Service Quality toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri”**.

1.2 Problem Limitation

Due to limitation of time and budget, this research focused on Warung Kopi Srikandi Cemara Asri's Cafe Atmosphere (X_1), Product Quality (X_2), Service Quality (X_3), and Repurchase Intention (Y). Warung Kopi Srikandi Cemara Asri is located at Jl. Boulevard Timur No.80-82, Medan Estine, Medan. The implementation period is from January-April 2024.

1.3 Problem Formulation

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

1. Does Cafe Atmosphere have partial influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri?
2. Does Product Quality have partial influence towards Repurchase Intention in

Warung Kopi Srikandi Cemara Asri?

3. Does Service Quality have partial influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri?
4. Do Cafe Atmosphere, Product Quality, and Service Quality have simultaneous influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri?

1.4 Objective of the Research

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

1. To analyze whether Cafe Atmosphere has partial influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri.
2. To analyze whether Product Quality has partial influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri.
3. To analyze whether Service Quality has partial influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri.
4. To analyze whether Cafe Atmosphere, Product Quality, and Service Quality have simultaneous influence toward Repurchase Intention in Warung Kopi Srikandi Cemara Asri.

1.5 Benefits of the Research

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

1.5.1 Theoretical Benefit

The research results can be used :

1. To expand the factors that cause an increase in repurchase intentions such as cafe atmosphere, product quality, and service quality
2. To improve the problems associated with research Cafe Atmosphere, Product Quality, and Service Quality variable and repurchase intention variable.
3. To develop the relevant theories especially in Cafe Atmosphere, Product Quality, and Service Quality and its influence towards Customer repurchase intention.

1.5.2 Practical Benefits

The practical benefits of 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 Cafe Atmosphere, Product Quality, Service Quality and Repurchase Intention.

2. For Warung Kopi Srikandi Cemara Asri.

To provide useful suggestions for Warung Kopi Srikandi Cemara Asri in increasing Repurchase Intention especially improving the Cafe Atmosphere, Product Quality and Service Quality.

3. For other researchers

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