

CHAPTER I

INTRODUCTION

1.1 Background of Study

Competing and defending against competitors is something that always happens in running a business today. Many entrepreneurs are competing to get consumers, making competition between entrepreneurs increasingly fierce. The existing competition requires entrepreneurs to be able to determine the right strategy in competing, such as meeting the ever-varying needs of consumers so that consumers can easily choose it as an alternative place to make purchases. According to Sawlani (2021), a purchasing decision is one of the stages of the entire mental process and other physical activities that occur in the purchasing process at a certain period and time as well as fulfilling certain needs, in other words a series of stages taken by a consumer.

There are various kinds of businesses that can become business opportunities, one of which is the cafe business. Currently, more and more cafe entrepreneurs are involved in fulfilling consumer needs and desires. This means cafe entrepreneurs must try to understand the needs, wants and demands of the target market. Entrepreneurs must also try to get the attention and interest of the general public (in this case, consumers) because they are competing with other cafe entrepreneurs who have similar products, which makes entrepreneurs have to think about ways to win the market. One way to win the competition is to create something different, such as a store atmosphere. Store atmosphere can be an

alternative to differentiate one cafe from another. Differences are needed because every business will definitely find similar products with prices that vary slightly or even the same. Store atmosphere can be more reason for consumers to be interested and choose where they will visit and buy. Apart from that, in order to get a lot of attention from consumers, the role of promotional activities is very crucial so that consumers or the wider public know about the existence of the cafe. There are various cafes in the city of Medan currently, one of which is Boothcin Coffee.

Boothcin Coffee is one of the cafes that operates and is located at Jalan Weaving Factory No.6a, Sei Putih Tim. I, District. Medan Petisah, Medan City. Boothcin Coffee offers a variety of foods and drinks that consumer can enjoy with a black and white atmosphere as the background in the room. In recent times, there has been a phenomenon of decline related to consumer purchases of food and beverage products offered by Boothcin Coffee. The following is the sales data of Boothcin Coffee in period 2021-2023:

Table 1.1. Boothcin Café Sales Data Period 2023

Year	Total Sales
2021	Rp. 419.024.000,-
2022	Rp. 382.117.000,-
2023	Rp. 367.246.000,-

Sources: Boothcin Café, 2024

Based on the table above, it can be seen that in 2021, the total sales as much as Rp. 419.024.000 while in 2022 the total sales as much as Rp. 382.117.000, and in 2023 the total sales as much as Rp. 367.246.000. With so many alternative choices of culinary café places in the city of Medan, the level of competition is very high and consumers also have many alternative places of their choice to enjoy culinary delights. The Store atmosphere does not provide comfort for consumers

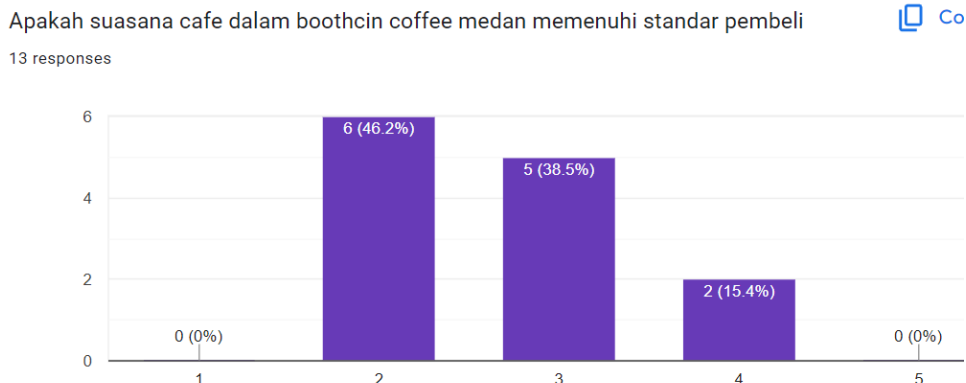
who visit, where some consumers feel that the atmosphere in the café is too standard and cannot be accommodated gives a special impression after visiting.



Source: by the writer, Boothcin Coffee, 2024.

Figure 1.1. Boothcin Coffee Information

The atmosphere of Boothcin Coffee has been described as quite plain, lacking the engaging and attractive interior and exterior features that can captivate consumers. The café's minimalistic and monochromatic design, while unique, may inadvertently create a gloomy atmosphere. This ambiance might not appeal to a broad range of customers who seek a vibrant and lively environment when choosing a place to dine or relax. A less inviting atmosphere can negatively impact the overall consumer experience, deterring repeat visits and reducing the likelihood of word-of-mouth promotion.



Source: Pre survey, Boothcin Coffee, 2024

Figure 1.2. Pre-Survey result of Store atmosphere

Based on the Likert scale responses provided in the pre-survey at Boothcin Coffee in Medan regarding whether the café atmosphere meets customer standards, the data suggests a moderately positive perception among customers. The Likert scale ranges from 1 to 4, where 1 indicates strong disagreement and 4 indicates strong agreement.

The most frequent response is a rating of 2, which signifies a neutral position or slight disagreement with the statement that the café atmosphere meets customer standards. This suggests that a significant portion of customers may have reservations or feel that there are areas where improvement could be made in the café's atmosphere. On the other hand, there are also a notable number of responses at level 3, indicating that some customers perceive the atmosphere as meeting their standards to a moderate extent. A smaller number of responses at level 4 indicate that there are customers who strongly feel that the café atmosphere fulfills their standards.

Promotion plays a crucial role in raising awareness and attracting customers to a business. However, Boothcin Coffee is not well-known in the Medan area, primarily due to its infrequent promotional activities. The café rarely engages in advertising, social media campaigns, or other marketing strategies that could enhance its visibility and attract new customers. Consequently, many potential consumers are unaware of the café's existence, limiting its market reach and customer base.. So, it is not surprising that there are still many consumers who do not know about the existence of Boothcin Coffee.

Based on the research conducted by Dewi (2021) entitled “The Influence of Store Atmosphere, Social Media Promotion, Word of Mouth on Purchasing Decisions at Habbit Eatery Coffee Malang.” he results of this study indicate that store atmosphere partially has no effect on purchasing decisions, promotion on social media and word of mouth partially has a positive and significant effect on purchasing decisions. Simultaneously, store atmosphere, promotion on social media and word of mouth has a positive and significant effect on purchasing decisions. While according to research conducted by Nopendra, et al. (2022) entitled: The Effect of Product Quality, Store Atmosphere, and Promotion on Purchase Decisions at Hagaa Coffee Shop Malang. The research result show that product quality, store atmosphere, and promotions have a significant partial and simultaneous effect on consumer purchasing decisions at Hagaa Coffee and product quality has the most dominant influence on purchasing decisions.

Based on the background study above, the writer is interested to conduct research with the title: **“The Effect of Store Atmosphere and Promotion toward Consumer Purchase Decision at Boothcin Coffee Medan.”**

1.2 Problem Limitation

For the problem limitation, writer will focus on three variable which are Store Atmosphere, Promotion, and Purchase Decision for the problem limitation. This thesis aims to investigate on how Store Atmosphere and Promotion as independent variable that may either positively or negatively effecting consumer Purchase Decision as dependent variable. This research will focus on consumer of Boothcin Coffee Medan.

1.3 Problem Formulation

Based on the description of the background of the problem above, there are identification problem in this study can be identified:

1. Does Store Atmosphere has partial effect to Consumer Purchase Decision at Boothcin Coffee Medan?
2. Does Promotion has partial effect to consumer Purchase Decision at Boothcin Coffee Medan?
3. Do Store Atmosphere and Promotion have simultaneous effect to Consumer Purchase Decision at Boothcin Coffee Medan?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze whether Store Atmosphere has partial effect toward Consumer Purchase Decision at Boothcin Coffee Medan.
2. To analyze whether Promotion has partial effect toward Consumer Purchase Decision at Boothcin Coffee Medan.

3. To analyze whether Store Atmosphere and Promotion have simultaneous effect toward Consumer Purchase Decision at Boothcin Coffee Medan.

1.5 Benefit of the Research

The benefit of the researches as follow:

1. Theoretical Benefit

- a. For Readers

The result from this study can be proof for readers to know that Store Atmosphere and Promotion can affecting consumer Purchase Decision at Boothcin Coffee Medan.

- b. For Writer

The result from this study provide insight and experience as well as observations in a real life situation which is very useful for the writer in the future.

- c. For Other Researches

The result from this study can be used for reference for those who are interested in studying the same problem in the future.

2. Practical Benefit

- a. For Boothcin Coffee Medan

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of Store Atmosphere and Promotion toward consumer Purchase Decision.

b. For Writer

The result from this study make the writer gain new experience and more knowledge about the importance of Store Atmosphere and Promotion toward consumer Purchase Decision.

c. For Future Research

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the effect of Store Atmosphere and Promotion toward consumer Purchase Decision.

