

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Coffee is one of the most popular drinks among other drinks. Drinking coffee was once related with older people activities, but now drinking coffee have turned into a lifestyle that can be enjoyed by everybody. Coffee drinkers in Indonesia are increasing along with the rapid development of coffee shops in various big cities in Indonesia in the last few years. Almost all coffee shops in Indonesia are always full of teenagers and adult. In the past, people visit coffee shop just to buy a cup of coffee, but now people who visit coffee shop not only just to purchase a cup of coffee, but the coffee shops shift to place to meet someone, a place for study, or place for hangout with friends and family.

According (Dahwilani, D. M. 2019) the amount of coffee shops in Indonesia reach 2.950 outlets in 2019 and rise three times more than 2016 that just 1.000 outlets. That research of number of coffee shops in Indonesia only cover coffee shop in big cities in Indonesia, not include various modern and traditional coffee shops in smaller regions. The coffee shops the increased number of coffee shop also along with the increased of the consumption of domestic coffee in the last five years.



Figure 1.1. *Konsumsi Kopi Domestik di Indonesia Periode 2014-2019 (ICO)*

Source: International Coffee Organization (ICO)

Based on the figure 1.1 above, the domestic coffee consumption in Indonesia keep increase in the last five years. on 2014-2015, the consumption of domestic coffee only 4.417 sacks. On 2015-2016 the consumption of domestic coffee increase to 4.550 sacks. On 2016-2017 the consumption of domestic coffee increases as much 100 sacks. On 2017-2018 the consumption of domestic coffee increase to 4.750 sacks and on 2018-2019 the consumption of domestic coffee reaches 4.800 sacks that weight 60Kg. This data means from 2014 until 2019 the consumption of domestic coffee keeps increasing and indicates that coffee has a good prospects and market. This will be an opportunity to create a new coffee shops brand.

Coffee shop brand no longer dominated by international brand like Starbucks or The Coffee Bean & Tea Leaf but there are many new coffee shops that owned by millennials such as Kopi Janji Jiwa, Kopi Kenangan, or specialty coffee shop like Tanamera, Otten, First Crack, or Malabar Mountain Coffee (Firmansyah.2020). For example, Billy Kurniawan who is the founder of Janji Jiwa, in just a year since it was founded in 2018, Kopi Janji Jiwa already have around 300 outlets.

Another brand like Kopi Kenangan which was founded on 2017 have around 500 outlets in the end of 2020. The increasing number of coffee shops makes many coffee shops must have their own characteristics that are different from the others. With so many options of coffee shops in big cities like Medan and small city like Binjai, consumers can choose which coffee shop is suitable for their preferences.

This research was conducted because of the increasing of domestic coffee consumption and the increased number of coffee shops in Indonesia. As these two factors are increase, consumers have a wider choice of coffee shops brands. There are many factors that influence their preferences or purchase decision to choose where to buy a cup of coffee. One of those factors is price. When customer want to purchase a produce from different shops that sell the same base product (in this research is coffee) they consider the price, along with the value and quality that they achieve. Value in this research means the worth or return in exchange of price for example

the environment or service that provide by the coffee shops. Quality in this research means the distinctive characteristic of the coffee taste that make difference from other coffee shops. Price, value, and quality have an important role in influencing customer purchase decision.

Purchase decision is one of the steps when a customer want to has a further interaction with a product or service. Every time customer wants to purchase a product or service, they will reach purchase decision stage. Most of the time, customer always want to have a product or service that low price, high value, and high quality. Product or service that have high price or low price will have affect on customer purchase decision. Customers consider whether the product or service they are exchanging at a high price or low price is in accordance with its value and quality.

The research object of this research is Janji Jiwa Jilid 229 at Binjai. Janji Jiwa is a coffee shops brand that also sell their franchise for other people. Around 75% percent outlets are franchise and 25% are managed by Janji Jiwa itself.

Janji Jiwa is a coffee shops brands start-up own by PT. Luna Boga Narayan which was founded by the owner Billy Kurniawan at ITC Kuningan in 2018. Janji Jiwa not only sell coffee, but they also sell other beverages such as, chocolate ice, matcha ice, ice honey yuzu etc. Janji Jiwa now has opened more than 700 new outlets in 50 different cities in Indonesia

and the number of sales reached 5 million glasses every month at the end of year 2019 (Setyorini, 2019).

1.2 Problem Limitation

In this research, writer only concentrates on doing research on the price competition with other brands, the value that customer gets from beverages, and quality of beverages menu that customer received from Janji Jiwa Jilid 229 Binjai toward the customer purchase decision. Due to limited time and resources, the writer only taking data based on online resources and only visited Janji Jiwa outlet at Binjai. The period of the research starts from December 2020 until April 2021.

1.3 Problem Formulation

From the background of study description, the writer conduct research on the influence of price, perceived value and perceived quality towards customer purchase decision and the writer determines the problem formulation for this research as follows:

1. Is there any influence of price towards customer purchase decision at Janji Jiwa Jilid 229 Binjai?
2. Is there any influence of perceived value towards customer purchase decision at Janji Jiwa Jilid 229 Binjai?
3. Is there any influence of perceived quality towards customer purchase decision at Janji Jiwa Jilid 229 Binjai?

4. How significant/ insignificant of the influence of price, perceived value, and perceived quality towards customer purchase decision at Janji Jiwa Jilid 229 Binjai?

1.4 Objective of The Research

The objective of this research is to find out the answers of problem formulation that have been describe at the previous section as follows:

1. To know is there any influence of price towards customer purchase decision at Janji Jiwa Jilid 229 Binjai.
2. To know is there any influence of perceived value towards customer purchase decision at Janji Jiwa Jilid 229 Binjai.
3. To know is there any influence of perceived quality towards customer purchase decision at Janji Jiwa Jilid 229 Binjai.
4. To know how significant/insignificant of the influence of price, perceived value, and perceived quality towards customer purchase decision at Janji Jiwa Jilid 229 Binjai.

1.5 Benefit of The Research

1.5.1 Theoretical Benefit

1. The writer will have more knowledge about price, perceived value, and perceived quality influence towards customer purchase decision especially coffee business and industry.

2. This research can be useful as reference to other person that want to conduct research that related to price, perceived value, perceived quality towards customer purchase decision.

1.5.2 Practical Benefit

1. This research can give benefit for Janji Jiwa outlet Jilid 229 at Binjai by sharing recommendation and suggestion to increase the sale from price, perceived value, and perceived quality aspect.

2. For the others, this research can be useful as reference to person who want to know the influence of price, perceived value, perceived quality towards customer purchase decision for their own business.

