CHAPTER I

INTRODUCTION

1.1   Background of the Study

The development of technology today is very fast and dynamic. However, it is very profitable for many people of course. Moreover, we are faced with a pandemic situation at the end of 2019 which requires people to implement social distancing and stay at home policies. The activities of the community were limited due to the spread of the Corona virus. Food businesses are affected by this pandemic, causing a decline in their coffee shop sales. Nevertheless, the presence of this technology can help keep their business running and surviving by utilizing technology.

In developing and surviving in running a business, there are many things that need attention. One of the things that every business owner needs to pay attention to is customer purchase intention. Purchase intention is very important for a business because purchase intention will provide better opportunities for customers to make purchases at the company. However, there are issues in purchase intention in the company which can be seen from the decrease in company sales which can be seen in the following Table 1.1 below :

Table 1.1

Revenue of Sippin Indonesia Januari – Desember 2022

Month	Revenue
January	27,007,800
February	30,805,000
March	37,995,000
April	25,980,000
May	31,275,000
June	35,900,000
July	31,806,000
August	28,851,000
September	30,795,000
October	23,775,000
November	24,300,000
December	31,400,000
Total	359,889,800

Source: PT Sippin Indonesia (2023)

From the company's current income, the company's income tends to diminish from month to month and the decline is thought to be due to influence of social media, brand image and store atmosphere problems problems in the company. The company is still having trouble keeping their income steady.

Currently social media is very important for companies in the era of modernization and an era where the internet is very helpful in promoting. This is also what makes several companies try to continue to develop their social media thus they can reach a more extensive target market therefore it will further increase customer buying intention. However, there are social media problems in the company where it show up that the on Instagram social media where many users unfollow Sippin Indonesia Instagram compare to similar companies like chatime which can be in the following Figure 1.1 and Figure 1.2 below :

DATE		FOLLOWERS		FOLLOWING		MEDIA	
2023-03-13	Mon	–	12,019	–	0	–	852
2023-03-14	Tue	-2	12,017	–	0	+1	853
2023-03-15	Wed	-1	12,016	–	0	–	853
2023-03-16	Thu	+4	12,020	–	0	–	853
2023-03-17	Fri	+4	12,024	–	0	–	853
2023-03-18	Sat	-5	12,019	–	0	–	853
2023-03-19	Sun	+5	12,024	–	0	–	853
2023-03-20	Mon	-10	12,014	–	0	–	853
2023-03-21	Tue	+13	12,027	–	0	+1	854
2023-03-22	Wed	-6	12,021	–	0	–	854
2023-03-23	Thu	+16	12,037	–	0	–	854
2023-03-24	Fri	+10	12,047	–	0	+2	856
2023-03-25	Sat	+7	12,054	–	0	–	856
2023-03-26	Sun	-1	12,053	–	0	–	856
2023-03-27	Mon	-4	12,049	–	0	+1	857
2023-03-28	Tue	-4	12,045	–	0	–	857
2023-03-29	Wed	-9	12,036	–	0	–	857
2023-03-30	Thu	–	12,036	–	0	–	857

Figure 1.1 Follower Data on Sippin Indonesia Instagram
Source: socialblade.com/instagram/user/sippin.indonesia (2023)

DATE		FOLLOWERS		FOLLOWING		MEDIA	
2023-03-14	Tue	–	813,288	–	5	–	3,101
2023-03-15	Wed	+181	813,469	–	5	+2	3,103
2023-03-16	Thu	+104	813,573	–	5	–	3,103
2023-03-17	Fri	+141	813,714	–	5	+1	3,104
2023-03-18	Sat	+124	813,838	–	5	–	3,104
2023-03-19	Sun	+55	813,893	–	5	–	3,104
2023-03-20	Mon	+77	813,970	–	5	+2	3,106
2023-03-21	Tue	+60	814,030	–	5	+5	3,111
2023-03-22	Wed	+106	814,136	–	5	–	3,111
2023-03-23	Thu	+85	814,221	–	5	+1	3,112
2023-03-24	Fri	+56	814,277	–	5	–	3,112
2023-03-25	Sat	+22	814,299	–	5	–	3,112
2023-03-26	Sun	-3	814,296	–	5	–	3,112
2023-03-27	Mon	+19	814,315	–	5	+3	3,115
2023-03-28	Tue	+37	814,352	–	5	+1	3,116
2023-03-29	Wed	+71	814,423	–	5	–	3,116
2023-03-30	Thu	+14	814,437	–	5	+1	3,117
2023-03-31	Fri	+12	814,449	–	5	–	3,117
2023-04-01	Sat	+34	814,483	–	5	+2	3,119

Figure 1.2 Follower Data on Chatime Instagram
Source: socialblade.com/instagram/user/chatimeindo (2023)

From the figure above it can be seen that the comparison between follow

and unfollow from the two companies is very different where at sippin Indonesia

experienced several consecutive days of unfollow which could reflect that there is consumer dissatisfaction with the company which will affect customer buying intention.

In today's business era, it will add challenges and test the competitiveness of each company considering that it will be easier for people to compare and choose companies that are considered the best. Conditions like this encourage companies to continue to make new breakthroughs through the best creativity and innovation and can also attract consumer interest through a strong brand.

On brand image, the writer conducted a short survey of 50 respondents to discuss their knowledge of the Sippin Indonesia brand. Here are the results of a brief survey of the writer.
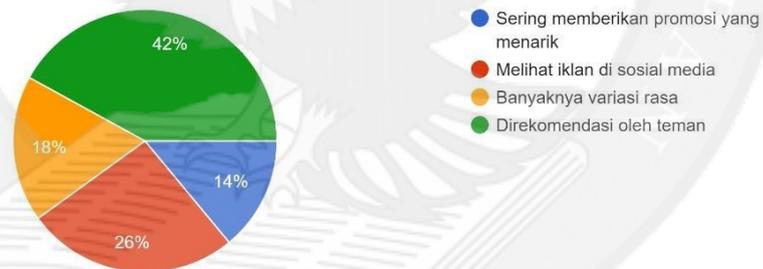

Figure 1.3 Reasons of Buying Sippin **(2023)**
Source: Processed byWriter (2023)

Figure 1.3 shows that as many as 42% of 50 respondents bought Sippin because friend recommendation, then 26% of respondents bought Sippin because they saw it from advertisements on social media. Meanwhile, 18% of respondents bought Sippin because the Sippin has many flavors and 14% bought Sippin

products because Sippin often provides attractive promotions. The information above shows that people purchase Sippin because friends have told them to, which means that Sippin's brand image is still poor because the general public does not know much about the product.

The writer makes observations to see about the cafe atmosphere from Sippin Store. In the condition of the Cafe room, the Sippin Store has a darker design. This is indeed done as part of the uniqueness of Sippin store which prioritizes comfort. The following are some conditions in the Sippin Store.

Figure 1.4 Café Atmosphere at Sippin Store (2023)
Source: Sippin Store (2023)

The Cafe atmosphere at Sippin store has an attractive design, nevertheless the Cafe design has dominant lights that are white in colour which is darker than yellow. There are several places that are less exposed to light, thus the lighting is more dominant on the bartender and cashier's side. In the internal layout factor, it has a dominant white light, with a room that is neither too cold nor too hot. The arrangement of the tables available at the cafe is also quite good. There are few review from customer which can be seen in the following Table 1.2 below

Table 1.1

Customer Review

No.	Review	Indicator
1.	Service is not good enough. Atmosphere is not special	Store Atmosphere
2.	Too much ice that don't like photo on Instagram	Social Media
3.	Don't provide tissue	Store Atmosphere
4.	Unfriendly employees	Store Atmosphere
5.	Inconsistent with promotion, there are promotion not offered when paying	Brand Image

Table 1.2 Customer Review (2023)
Source: https://restaurantguru.com/SIPPIN-Medan/reviews/google (2023)

Based on the discussion above and the research period from January – May 2023, the writer decided to conduct research with the title "The Influence of Social Media, Brand Image, Store Atmosphere on Customer Purchase Intention at Sippin Indonesia Dr Mansyur Branch Medan."

1.2   Problem Limitation

In order to prevent the result of this research become less accurate, writer decided to make some limitations. The data gathered in this research is from Sippin Indonesia at Jalan Dr. Mansyur, Medan, North Sumatera, Indonesia. This research focus on three (3) independent variables and one dependent variable. The independent variables of this research are Social Media, Brand Image, and Store Atmosphere. According to Mayfield (2008:32) in Sai and Sreekanth (2022), Social Media with indicator participation, openness, conversation, community, and connectedness. According to Pratiwi and Yasa (2019), Brand Image with indicator attributes, benefits, and brand attitudes. According to Berman and Evan (2014:545) in Baiti et al. (2020), Store Atmosphere with indicator store exterior, general interior, and store layout, and interior display while the dependent variable of this

research is the Customer Purchase Intention. According to Kotler & Keller (2012) in Amalia and Megayani (2020), Customer Purchase Intention indicator is product choice, brand choice, dealer choice, purchase amount, purchase timing, and payment method.

1.3   Problem Formulation

The following is the questions needed to be answered in this research:

1.   Does Social Media Instagram have partial influence on Customer Purchase Intention at Sippin Indonesia, Medan?

2.   Does Brand Image have partial influence on Customer Purchase Intention at Sippin Indonesia, Medan?

3.   Does Store Atmosphere have partial influence on Customer Purchase Intention at Sippin Indonesia, Medan?

4.   Does Social Media Instagram, Brand Image, Store Atmosphere have simultaneous influence at Sippin Indonesia, Medan?

1.4   Objective of the Research

According to the problem formulation above, the objectives of this research are as follows:

a.   To understand whether social media instagram has partial influence on customer purchase intention at Sippin Indonesia, Medan.

b.   To identify whether brand image has partial influence on customer purchase intention at Sippin Indonesia, Medan.

c.   To discover whether store atmosphere has partial influence on customer purchase intention at Sippin Indonesia, Medan.

d.   To investigate whether social media instagram, location, store atmosphere has simultaneous influence on customer purchase intention at Sippin Indonesia, Medan.

1.5   Benefit of the Research

This research with the title "The Influence of Social Media Instagram, Brand Image, Store Atmosphere on Customers Purchase Intention at Sippin Indonesia, Medan, this research has two types of benefit:

1.5.1   Theoretical Benefit

Research on Social Media Instagram, Brand Image, Store Atmosphere on Customer Purchase Intention at Sippin Indonesia, Medan is expected to be used as an information, reference, and lesson for other parties for the future research.

1.5.2   Practical Benefit

According to the purpose of this research, it can provides certain research benefits as follows:

a. For the Writer

In this research, the writer has opportunity to do the research about Social Media Instagram, Brand Image, Store Atmosphere, and their influence on Customer Purchase Intention as well as the opportunity to be able to understand the knowledge related to the variables.

b. For the Company

In this research, Sippin Indonesia is able to understand regarding the problems related to social media instagram, brand image, store atmosphere, and their influence on customer purchase intention at Sippin Indonesia

c. For other Researches

The result of this research with the title " The Influence of Social Media Instagram, Brand Image, and Store Atmosphere on Customer Purchase Intention at Sippin Indonesia, Medan.