CHAPTER I

INTRODUCTION

1.1   Background of the Study

According to Global Business Guide Indonesia (2022), the Indonesian economy is mainly driven by increased household consumption, and the food and beverage industry thrives on this like no other. Rising personal earnings and higher expenditure on food and beverages, particularly by a growing number of middle-class customers, are driving sales growth. As a result, this is an area in which local firms have been exceptionally ambitious and some of them have grown into successful global exporters. Simultaneously, the internationalization of local cuisine provides an excellent chance for foreign corporations to promote their products to Indonesian customers, who are more receptive to new tastes and flavors.

According to Kotler & Armstrong (2018), customer purchase decision is a buyer's decision on which brand to buy. The consumer chooses the most favored brand while making a customer purchase decision. (Kotler & Armstrong, 2018). Customer purchase decision can be measure by the indicator of need introduction, information search, alternative evaluation, purchase decision, and behavior after purchase.

According to Bahri (2019), location is a remarkable and one-of-a-kind location where the property may be used for commerce. A strategic location influences someone's customer purchase decision. With the proliferation of

businesses or firms that offer identical products or services, even the smallest change in location can have a significant influence on a business's market share and profitability. Furthermore, the choice to acquire a property represents the company's long-term financial commitment, because moving a problematic location may be difficult and expensive (Puspa et al., 2017). Location can be measure by the indicator of access, visibility, traffic, and parking. According to research conducted by Wulandari (2021), this indicates that the better the location is in the perspective of customers, the more likely they are to make a customer purchase decision.

According to Saputri (2020), product innovation is the consequence of a firm or industry developing new items. Product innovation also has an impact on customer purchase decision. When creating a product, there must be innovation to distinguish the items from rivals, as well as qualities that make a product superior to other similar products (Jesslyn, 2021). Product innovation can be measure by the indicator of product quality, product variant, and product design. According to research conducted by Wulandari (2021), this means that the latest product innovations or trends will create customer purchase decision.

According to Andaresta (2020), taste is a culinary feature that includes the flavor, aroma, texture, temperature, and appearance of the food. However, when it comes to food goods, taste is one of the aspects that might affect customer purchase decision. If consumers appreciate the flavor of the instant noodle product, they may decide to buy it (Angga & Qomariah, 2019). Taste can be measure by the indicator of smell, taste, and mouth stimulation. According to research conducted by

Wulandari (2021), this indicates that by offering a nice taste it will create a customer purchase decision.

Blooms Café, located at Jalan Kolonel Sugiono No. 76 in Medan, is one of the city's trendy coffee shops. Blooms Café delivers Japanese meals and drinks in a cozy and instagrammable setting, displaying originality with a coffee shop environment infused with Sakura Country peculiarities. Blooms Café is distinguished by bamboo and wood ornamentation, as well as a minimalist-style design that lends the cafe a lovely appearance. Inside the Blooms Café, there is a coffee bar where baristas mix coffee drinks ordered by customers. Axl Chan, the head barista and the owner of Bloom Cafe, is in charge of blending the coffee drinks that customers order.

This cup of coffee is brewed with coffee beans from Balinese Expat Roasters. The house blend was given to Patria, who didn't have to question the quality of the results in order to improve the taste of the coffee. There are numerous coffee drinks available. Caffe latte, Kenya AB Tamu Washed Process, Mocca Coffee, and many more are examples. Furthermore, because the latte art is so spectacular and precise, anyone who wants to sip will think twice about fading the latte art.

Axl Chan believe that in the situation of lacking on the customer purchase decision which can be seen there is decreased in café sales from January – July 2023 as shown in the following table. In this situation, it is very important to improve customer purchase decision. Because customer purchase decision can help Blooms Café to increase profits. This information was obtained from the results of

interviews made by the writer with the owner of the cafe. The table below consists

of the total sales of Blooms Café, Medan in year 2020 - July 2023.

Table 1.1 Blooms Café Total Sales in 2020 - July 2023 (in million rupiah)

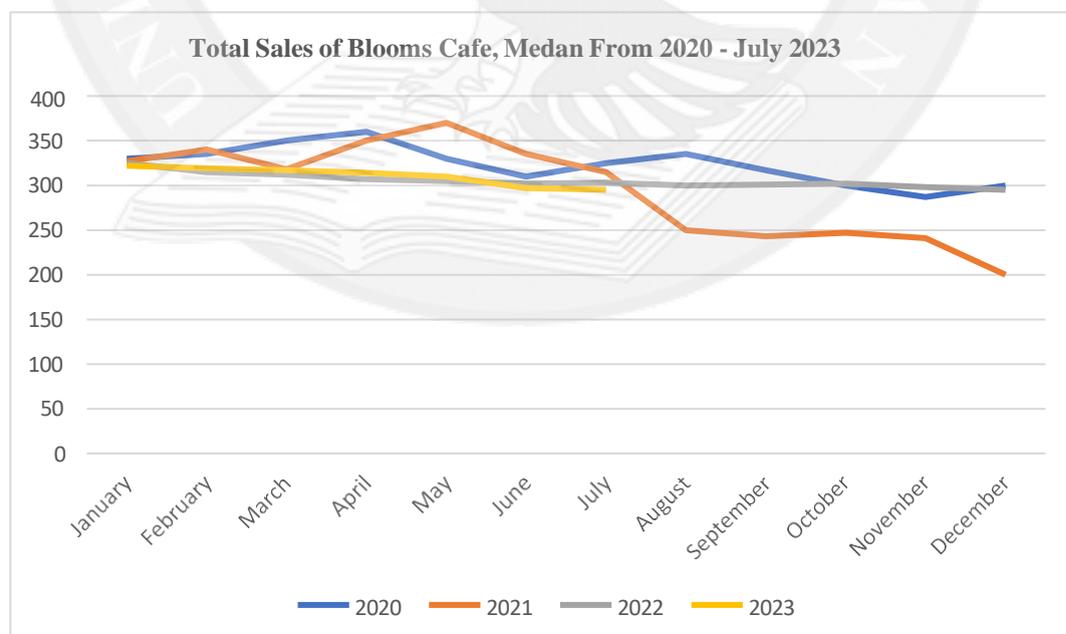| Month	2020	2021	2022	2023
January	330	327	325	322
February	335	340	315	319
March	350	318	312	317
April	360	350	307	314
May	330	370	305	310
June	310	335	302	297
July	325	315	303	295
August	335	250	300	-
September	317	243	301	-
October	300	247	302	-
November	287	241	298	-
December	300	200	295	-

Source: Blooms Café (2023)

Figure 1.1 The Graph of Total Sales in Blooms Café, Medan from 2020 - July 2023
Source: Prepared by the Writer (Blooms Café, 2023)

From the data and graph above it can be seen that there is decrease in sales amount in Blooms Café, Medan from January – July 2023 comparing to the previous year. This indicates that there is a problem with customer purchase decision at Blooms Cafe, Medan. This is thought to be influenced by location factors, product innovation and taste.

Table 1.2 Customer Online Reviews

Posting Time	Reviews
2021	"The place is cramped and the internet is slow"
2021	"The place contains badly. The voice of the waiter tidying the cutlery was very loud. There seems to be something wrong with the place, the sound of gathering for visitors is uncomfortable"
2021	"The sencha drink lacks taste"
2021	"Good place, only on weekdays it's a bit difficult to get parking. Cozy atmosphere and tables spaced"
2022	"The food is delicious, only the price of the food is above the average of other coffeeshops in the city of Medan. The coffee is a bit sour according to my taste buds. Waiter service is good and friendly"

Source: Prepared by the Writer (Google Review, 2023)

From the table 1.2 above it is about the customer online reviews and it can be seen that there are negative reviews from customer. Which is year of 2021 and 2022 about the variable that is being used by the writer, which is location and taste. Some customers feel uncomfortable with the place because it is cramped and their internet is slow. Some customers also feel that the coffee is a bit sour and other drinks does not match their taste. Above is the data from the customer online reviews. The following are the preliminary study of location, product innovation, and taste at Blooms Café, Medan.

Table 1.3 Preliminary Study

Variable	Indicator	Results
Location	Access	Blooms Café is not easily accessible because of the distance and also often stuck in traffic.
	Visibility	Blooms Café can be seen from a distance because Blooms Cafe has a large logo that makes it easier for us to search and find the cafe.
	Traffic	The trip to Blooms Cafe went through a bit of traffic.
	Parking	The parking lot at Blooms Café is not too wide because Blooms Cafe is located near the highway so the parking lot is not spacious enough.
Product Innovation	Product Quality	The quality of Blooms Café's products is very good because they obviously use fresh ingredients.
	Product Variant	The quality of the Blooms Cafe variant is not too much because the menu is only a few and does not have many choices.
	Product Style and Design	The product style and design at Blooms Café is attractive. Because Blooms Cafe uses a Japanese theme.
Taste	Smell	When the food is served at the table, the aroma of the food at Blooms Cafe is so fragrant that it is very appetizing.
	Taste	The food at Blooms Café is not that great. Because there are some foods that may not suit taste because they mostly sell Japanese food.
	Mouth Stimulation	The food at Blooms Café does not match everyone taste preference.

Source: Prepared by the Writer (2023)

From the table 1.3 above it can be seen that there a more negative comment than positive comment. The table location above it can be seen that Blooms Café is not easy to access because of the distance and went through a bit of traffic. But it is easy to see from distance because Blooms Café has a large logo. It's also difficult for customer to find the parking lot at Blooms Café because is not too wide and located near the highway. The table product innovation above it can be seen that quality of Blooms Café's product is always use good product and fresh ingredients. Blooms Café menu is only few and the quality variant is not too much. Blooms Café is using a Japanese theme for their product style and design that's why their product style and design is attractive. The table taste above it can be seen that the

smell of the food is so fragrant that it is very appetizing. But some customers might feel that the food at Blooms Café is not that great and some foods do not suit their taste because they mostly sell Japanese food. From the table above it can be seem that the location, product innovation, and taste at Blooms Café, Medan still need an improvement.

From both preliminary study above, it can be seen that there is problem at the Blooms Café, Medan even though there are some positive indicators but still not optimal yet. So, the writer decided to do this research that relevant with those three aspects to help the Blooms Café, Medan to point out their problem. In terms of location, product innovation, and taste Blooms Café which is not optimal yet. Based on the background of the research, the writer decided to write in the form of final paper entitled **"The Influence of Location, Product Innovation, and Taste on Customer Purchase Decision at Blooms Café, Medan".**

1.2   Problem Limitation

To be more focused on this research and the restricted sources, the writer limits this study to location, product innovation, and taste as independent variables and customer purchase decision as dependent variables. According to Blooms Café, Medan's target market, the sample taken is confined to potential consumers aged 17 to 50 years old. The indicators used for location are access, visibility, traffic, and parking (Husen et al., 2018). The indicators used for product innovation are product quality, product variant, and product design (Kotler & Armstrong 2018). The indicators used for taste are smell, taste, and mouth simulation (Indrayani &

Syarifah 2020). The indicators used for customer purchase decision are needs introduction, information search, alternative evaluation, purchase decision, and behaviour after purchase (Kotler & Armstrong 2018).

1.3   Problem Formulation

Based on the background of the study that have been defined, there's four problems that would be discussed in this research, which is:

a.   Does location have partial influence on customer purchase decision at Blooms Café, Medan?

b.   Does product innovation have partial influence on customer purchase decision at Blooms Café, Medan?

c.   Does taste have partial influence on customer purchase decision at Blooms Café, Medan?

d.   Do location, product innovation and taste have simultaneous influence on customer purchase decision at Blooms Café, Medan?

1.4   Objective of the Research

Based on the problem formulation, we can conclude the objective of this research, which are:

a.   To examine whether location has partial influence on customer purchase decision at Blooms Café, Medan.

b.   To analyse whether product innovation has partial influence on customer purchase decision at Blooms Café, Medan.

c. To determine whether taste has partial influence on customer purchase decision at Blooms Café, Medan.

d. To investigate whether location, product innovation and taste have simultaneous influence on customer purchase decision at Blooms Café, Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This research is beneficial to readers, particularly those interested in the hospitality industry. It also provides information for those who are not majoring in hospitality. The results of this research are expected to contribute in developing theories, especially those relevant with location, product innovation, and taste on customer purchase decision.

1.5.2 Practical Benefit

a. For The Writer

The findings of this study is to get new information and a wider understanding of location, product innovation, and taste.

b. For Blooms Café, Medan

The findings of this study are anticipated to provide solutions and recommendations to Blooms Café, Medan problems that occur which is about customer purchase decision.

c.   For Other Researches

The findings of this study are expected to become references, expand knowledge, experience and adding insight into location, product innovation, and taste on customer purchase decision to the Blooms Café, Medan.