CHAPTER I

INTRODUCTION

1.1   Background of the Study

In Nowadays business environment, the competitive landscape demands that entrepreneurs possess the ability to compete effectively and endure against compete. Many companies are vying for consumer attention, leading toincreasingly intense and rigorous competition. This fierce compete forces entrepreneurs to develop the right strategies to meet diverse customer needs. One potential business opportunity is this minimarket sector, which has seen a growingnumber of operators entering the market to satisfy consumer demands. As a result,entrepreneurs must strive to understand the needs, preferences and expectations oftheir target market. To stand out, entrepreneurs must work to capture the attention and interest of potential customers, as they are competing with businesses offeringsshould focus on devising strategies to gain a competitive edge and dominate the market (Diawan, et al, 2020).

Junction Café Medan offers a fusion of Archipelago, Western and Asian food, all uniquely modified to suit the diverse of customer's tastes. Decline in customer's buying intention at the Junction Café, Medan that look of total customers. can be seen the Table 1.1 that:

Table 1.1 Number of Transaction at Junction Café, Medan

Month	2022	2023
January	587	408
February	564	400
March	557	412
April	561	422
May	564	389
June	534	353
July	547	305
August	531	255
September	421	234
October	425	198
November	495	101
December	510	58
Total	**6.296**	**3.535**

Sources: Prepared by the writer (Junction Café, Medan, 2024)

Table 1.1 shows that the number of transactions at Junction Café, Medanin 2022 with a total of 6,296 transactions while for 2023 only from January to December was 3,535. From the table above, transaction data from 2022-2023 has also decreased. This means that customer buying interest has decreased.

The atmosphere of a store can serve as a distinguishing factor between cafes. In situations where products are similar in terms of price and offering, creating a unique store atmosphere becomes essential. The right atmosphere can attract consumers and influence their choice of where to visit and make a purchase. Consumer purchasing decisions are not solely based on the goods and services offered but also on the overall experience and enjoyable environment provided, which encourages them to choose one café over another. While all factors contributing to customer satisfaction should be considered in both research and practice, the store atmosphere is often a key determinant of overall satisfaction in the retail industry. The store atmosphere is a blend of emotional elements that influence a customer's feelings. According to Mowen and Minor (2018), the store

atmosphere can influence customer's emotional state, which in turn can either encourage or discourage spending. The atmosphere can create an impression that motivates the buyer to spend more and more or alternatively, may lead to a more modest purchase, with little intention of return to that location in the future.

Here the atmosphere of this Junction Café, Medan as follow:

Figure 1.1 Store Atmosphere at Junction Café, Medan
Sources: Junction Café, Medan (Prepared by the writer, 2024)

Figure 1.1 shows that it is seen that the seating position is too close so that if Saturday and Sunday the indoor atmosphere is very noisy. From the picture above that the seating position is set too close to the entrance makes customers less

comfortable. Then for a sitting position that 2 people are too close. in addition, minimal decoration so that it looks empty and the color of the table and sofa aren't sync.

A strong brand image has become crucial for businesses as It helps achieve their goals. According to Shabbir, Khan & Khan (2020), a positive brand image is essential for brand performance, as it drives profitability. The collection of opinions, connections and perceptions people have about a brand is known as its brand image. Consequently, consumer attitudes and behaviors toward a brand are significantly shaped by its image (Kotler & Keller, 2018). Essentially, brand image is the set of perceptions and connection stored in the customer's memory. It plays an important part in building a strong brand, as a consistent and enduring brand image is required for long term success. Once a brand is established, altering it can be challenging. The brand image needs to be distinct and offer clear advantages over competitors. These differentiations and strengths define the brand's position in the market.

Businesses aim to create a strong brand image because it provides numerous benefits, including attracting new customers, driving higher sales, facilitating the launch of new products under the same brand, enhancing brand awareness and value, boosting customer confidence and loyalty and fostering better relationships with customers (Alic et al., 2019)

The brand image at Junction Café in Medan is perceives negatively by customers, mainly due to the inconsistency in food quality, which has led to

customer dissatisfaction. As a result, many customers have left low ratings on google reviews.

Figure 1.2 Google Review at Junction Café, Medan
Sources: Junction Café, Medan (2024)

Figure 1.2 shows that the Junction Café, Medan rating is only 4.4 on Google. The number of customer reviews is related to the service received by customers. This is due to a long time in terms of providing food to customers, less fast service from the waiter/waitress. This creates a negative brand image for Junction Café, Medan

Based on the previous explanation, the author has chosen to conduct research entitled **"The Influence of Store Atmosphere and Brand Image on Customer's Buying Intention at Junction Café, Medan".**

1.2 Problem Limitation

Due to budget and timing limitations, this research will discuss the Influence of Store Atmosphere and Brand Image on Customer's Buying Intention at Junction Café, Medan. Junction Café, Medan located in Citra Land Gama City,

Blk. R1 No.02, Kenanga Medan. The dependent variable used Customer'sbuying intentions are the dependent variable in the current research, while store atmosphere and brand image are the independent variables.

1.3   Problem Formulation

Based on the study's background, the author has developed the following research questions, such as:

1. Does Store Atmosphere have a partial influence on Customer's Buying Intention at Junction Café, Medan?

2. Does Brand Image have partial influence on Customer's Buying Intention at Junction Café, Medan?

3. Do Store Atmosphere and Brand Image have simultaneous influence on Customer's Buying Intention at Junction Café, Medan?

1.4   Objective of the Research

The purposes of this investigation are defined by the explanation of the problem:

1. To analyze the influence of Store Atmosphere on Customer's Buying Intention at Junction Café, Medan.

2. To analyze if Brand Image have partial influence on Customer's Buying Intention at Junction Café, Medan.

3. To analyze whether Store Atmosphere and Brand Image have simultaneous influence on Customer's Buying Intention at Junction Café, Medan.

1.5   Benefit of the Research

1.5.1   Theoretical Benefit

This study's theoretical contribution is to figure out if brand image and store atmosphere influence customer's buying intention. Additionally, this research aims to expand knowledge and provide insights into the theories surrounding store atmosphere, brand image and customer buying intention, as well as the relationship between these variables.

1.5.2   Practical Benefit

The Junction Café in Medan will gain from the research because it will determine if store ambiance and brand image have an influence on customers' intentions to make a purchase. If the store atmosphere and brand image is sufficient enough, if customer buying intention satisfies expectations, several benefits are anticipated:

a. For the writer

In addition to improving their knowledge of store atmosphere, brand image and customer's buying intention, the writer, operating as the researcher, will have significant experience in doing the study.

b. For Junction Café, Medan

To offer useful recommendations for the Junction Café, Medan in increasing customer's buying Intention especially improving the store atmosphere and brand image.

c. For Readers

This research will help readers better understand the significant influence ofstore atmosphere and brand image on customer's buying intention.

d. For fellow researchers

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