

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this modern era of globalization, various kinds of business is steadily growing. This rapid growth pushes business owners to be more creative and innovative in delivering their products in order to compete with the rivals in the similar sector. One of the sectors in which businesses keeps emerging and growing is the hospitality industry, which is closely linked to the culinary sector of the market. A lot of cafes has emerged due to the support of local government that has made it easier to open up businesses (Triutami, 2024)

In the competitive landscape of the hospitality industry, new stores are emerging here and there, this situation requires every company to be able to maximize its company's performance in order to be able to compete (Ilham et al., 2024). These places serve as more than just places to enjoy beverages and snacks, but they have become social hubs and spaces for personal and professional interactions. Business owners finds it hard to get loyal customers because the products and price tags offered are similar to each other, therefore, business owners can use the store's atmosphere to distinguish a place from another (Mudjiyanti & Sholiha, 2022). Creating a supportive atmosphere in a shop requires proper planning that includes the designing of a shop's facade, entrance, visitor circulation from the entrance and

so on (Ilham et al., 2024). In addition, attention must also be paid to the arrangement so that space is maximized, for example by placing chairs, tables and furniture without reducing customer comfort (Ilham et al., 2024). One of the most important things to consider is the customer's purchase intention, which could affect the longevity of any business. As the rivals in the food and beverage industry keep increasing, here is the background in the research selection of Momoyo Pancing Medan.

Brand image represents how consumers perceive and feel about a brand, encompassing their emotional responses and sentiments during the purchase or use of a product; beyond the product's practical utility, brand image captures the likes, dislikes, and emotions that contribute to its value. Furthermore, it reflects a personal expression of individuality (Aaker, 1996 cited in Jedeejit et al., 2024). To differentiate a business from others, creating brand image is one of the strategies. American Marketing Association (AMA) defined a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors". Brand image builds trust and a positive image for products and companies, which can increase consumer loyalty and preference, in addition, an established brand image can help companies differentiate their products, increase consumers' willingness to pay premium prices, and improve the perceived quality of the products offered (Wardhana, 2024). Social media or digital marketing in this day and age has great impact on customers. Digital marketing is a new concept of marketing

using the online based digital technologies using internet like smartphones, computer and other digital platforms to advertise products and also services (Atli, 2024).

Digitalization itself has become a part of our daily lives today. The reality that people from various ages, gender, social, economic and cultural classes can interact with each other without being limited by space and time and the increasing ownership of smartphones, has changed consumer behavior today (Normawati & Widayani, 2021). Since the 1990s and 2000s, digital marketing has developed greatly, transforming how brands and businesses utilize technology for marketing (Desai, 2019). As digital platforms become more integrated into marketing strategies and daily life, and as people increasingly shop online rather than in physical stores, digital marketing campaigns are becoming more ordinary and more effective (Desai, 2019). According to Pandey et al., (2020) as cited in Normawati & Widayani (2021), digital marketing offers precise targeting for potential customers. Therefore, the use of digital marketing makes it easier for business owners to interact directly with customers, seeing consumer engagement in real time and making it possible to present content that suits customer preferences. Store owners need to adapt the way business is done to maintain their relevance and an online presence.

When visiting a beverage store these days, customers are not just looking for delicious drinks, but they also want a place with a good atmosphere where they can relax in. If the atmosphere of the store is good, customers will

feel relaxed and comfortable to stay in the store for a long period of time which could affect the customer's purchase and even repurchase decision in a store. According to Mu'ah et al. (2021), the atmosphere of a store is shaped by its exterior and interior design, the sounds and music playing, and the lighting. These elements together create a sense of comfort or discomfort for customers. Additionally according to Mu'ah et al. (2021), a well-crafted store atmosphere plays a significant role in building customer trust and loyalty, which is essential for staying competitive. A store's atmosphere can be an alternative to differentiate one from another when the existing store provide more or less the same product and price.

This study was conducted in Momoyo Pancing. Momoyo Pancing is located in located Purchase intention is one of the classic topics that has been discussed by many in the marketing field. In this digitalized era, developing purchase intention through the digital platform is more likely to attract potential customers (Apriyani, 2018) .Various things affects a customer's purchase intention, the ones analyzed in this research is brand image, digital marketing, and store atmosphere. Momoyo Pancing's sale has been decreasing because of the emergence of similar stores here and there. The following table shows the customer's purchase at Momoyo Pancing from 2023 to 2024.

Table 1. 1 Sales Data Provided by Momoyo Pancing

Year	Month	Sales
2023	Sept	82.252.000
2023	Oct	79.534.000
2023	Nov	71.926.000
2023	Dec	70.346.000
2024	Jan	70.534.000
2024	Feb	68.897.000
2024	Mar	67.756.000
2024	Apr	68.009.000
2024	May	66.654.000
2024	Jun	67.258.000

Source: Provided by Momoyo Pancing

Momoyo is a brand known for serving affordable beverage product with a mission to deliver a satisfactory product to their customer through product quality, innovation, customer service, and comfortable environment. However, Momoyo Pancing is facing challenges with maintaining its brand image due to multiple cases of negative reviews about how the employees who works there is very rude and disrespectful towards the customers, while also mentioning about how the employees in Momoyo Pancing have no manners. These negative reviews result in Momoyo Pancing having a low rating on Google maps which reflects badly in the eye of public.

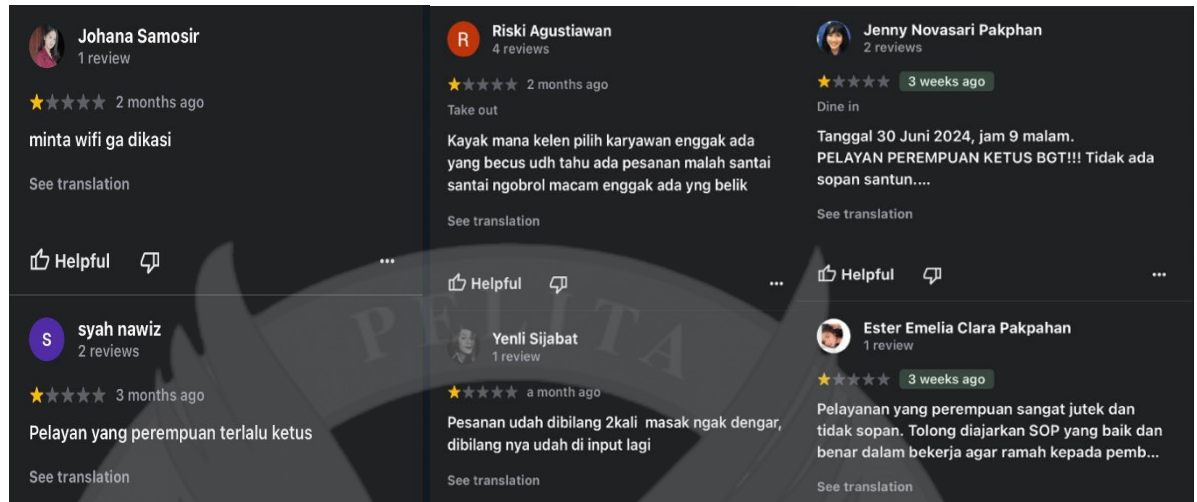


Figure 1. 1 Google Review about the service at Momoyo Pancing

Source: Google Review

Figure 1.1 shows the negative reviews taken from Google Review ratings. Most of Momoyo Pancing customers complained about the service, and mainly about how rude the staff's attitude is. Customer complained about how the employees refused to provide them wifi, others commented about how the employees are talking amongst themselves without caring about the customer's order, and a customer requested that the employees be retaught about the company's SOP (standard operating procedure). These bad reviews might make other future potential customer will hesitate when deciding to visit Momoyo Pancing because of all the bad reviews given by previous customers. This could be a problem for Momoyo Pancing if this problem is not immediately addressed because according to Kaban & Khong (2022), brand image has a significant influence when making a purchase of a product.

Store atmosphere affects customer's purchase intention because it is one of the factors that sets the mood when a customer dines. It is important because the better the ambience, the more comfortable the customer will be and the more likely the customer will intend to return. Here are some negative reviews related to the atmosphere at Momoyo Pancing.

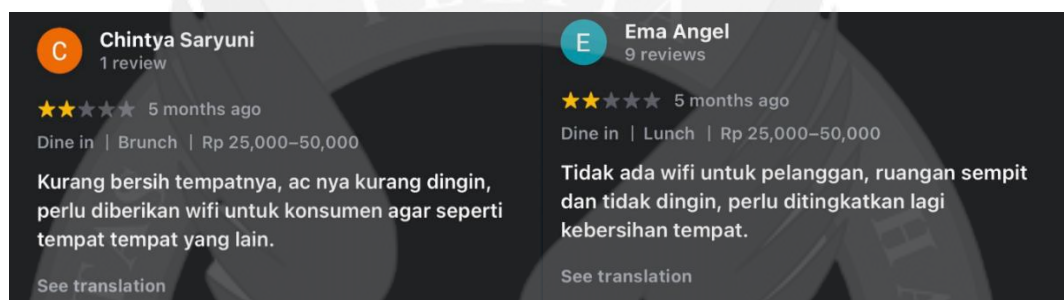


Figure 1. 2 Customer's Review Related to the Store's Atmosphere

Source: Google Review

Figure 1.2 shows Momoyo Pancing's customer's reviews that was taken from Google reviews. The comments from customers about the place's condition that is related to the atmosphere stated that the air conditioning was not cold enough, the place was also not big enough, and the cleanliness of the place need to be further improved. This complains affect the store because those who sees it may assume that the store is not worth visiting because of the uncomfortable atmosphere that is caused by the temperature of the store, the lack of cleanliness, and the size of the store. To promote their outlet, Momoyo Pancing has opted to digital marketing using Instagram social media platform.

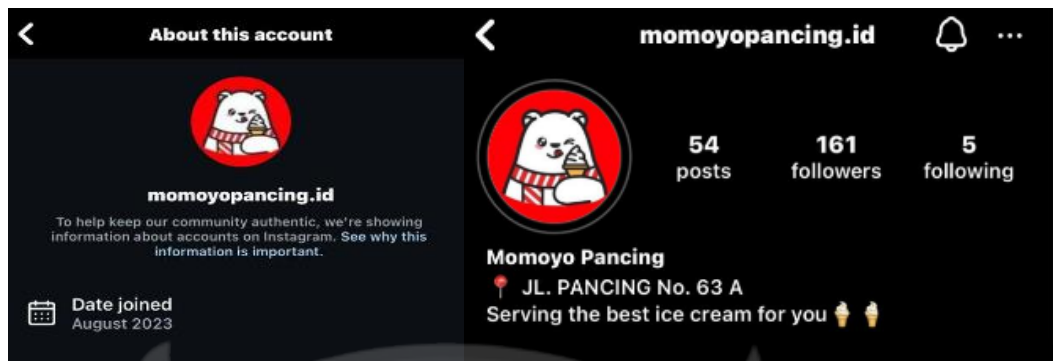


Figure 1. 3 Momoyo Pancing Instagram Account

Source: Instagram

Figure 1.3 shows Momoyo Pancing’s Instagram account. Momoyo Pancing first opened their Instagram account on August 2023 with 161 followers and 54 post, and also daily post Instagram stories to appeal to more customer. Momoyo Pancing posts content on their Instagram stories of their menus, promotions, and the service provided. These activity is done by Momoyo Pancing to support the showcase of their products and services and thus help increase customer’s purchase intention through digital marketing. Purchase intention is closely linked to a firm's ability to connect with customers through its brand image, marketing efforts, and the quality of service provided. However, despite the efforts, there is still not enough engagement in Momoyo Pancing Instagram because their Instagram contents are not up to date and they mainly only post on Instagram stories.

From the given explanation, the writer decided to conduct a research titled **“The Influence of Brand Image, Digital Marketing, and Store Atmosphere towards Customer Purchase Intention at Momoyo Pancing”**

1.2 Problem Limitation

The writer determine product limitation on brand image, digital marketing focusing on Instagram as the digital marketing platform, and store atmosphere as an independent variable, with purchase intention as the dependent variable. Indicators brand image (X1) in this research is corporate image, customer image, and product image. Indicators digital marketing (X2) in this research is accessibility, interactivity, entertainment, credibility, irritation, and informativeness. The indicators for store atmosphere (X2) in this research is exterior, general interior, store layout, and interior displays. The indicators for purchase intention (Y) in this research is transactional interest, referential interest, preferential interest, and exploratory interest. The characteristic of this respondent consist of age and gender.

1.3 Problem Formulation

Based on the background study above, the writer can make problem formulation as follows:

- Does the brand image have a partial influence on customer purchase intention in Momoyo Pancing?
- Does the digital marketing have a partial influence on customer purchase intention in Momoyo Pancing?
- Does the store atmosphere have a partial influence on customer purchase intention in Momoyo Pancing?

- Does the brand image, digital marketing, and store atmosphere have a simultaneous influence on customer purchase intention in Momoyo Pancing?

1.4 Objective of the Research

The objectives of this research are as follows:

- To analyze whether brand image have a partial influence on customer purchase intention in Momoyo Pancing.
- To analyze whether digital marketing have a partial influence on customer purchase intention in Momoyo Pancing.
- To analyze whether store atmosphere have a partial influence on customer purchase intention in Momoyo Pancing.
- To analyze whether brand image, digital marketing, and store atmosphere have a simultaneous influence on customer purchase intention in Momoyo Pancing.

1.5 Benefit of the Research

The writer hopes that this research can give both theoretical and practical benefits.

1.5.1 Theoretical Benefit

The theoretical benefit of this study lies in advancing our understanding of consumer behavior within the context of stores, specifically integrating the influences of brand image, digital marketing strategies, and store atmosphere on customer purchase intentions. By exploring these factors holistically, the study contributes to theoretical frameworks in marketing and hospitality management, providing a deeper insight into how these elements interact and jointly influence consumer decision-making processes. This contributes to the broader literature by offering a comprehensive model that can be applied to various hospitality settings, enhancing theoretical constructs related to branding, digital marketing, and customer purchase intention.

1.5.2 Practical Benefit

1. For other Researchers

To be an additional information, a reference for future research about or similar to the influence of brand image, digital marketing, and store atmosphere on customer purchase intention.

2. For Momoyo Pancing

To provide analysis and actionable insights for store managers and marketers at Momoyo Pancing and similar establishments in increasing their customer purchase intention especially through improving the brand image, digital marketing, and store atmosphere.

3. For the Writer

To be an additional knowledge which gives a more comprehensive understanding regarding the influence of brand image, digital marketing, and store atmosphere on customer purchase intention.

Understanding the specific dynamics of brand image, digital marketing effectiveness, and the store atmosphere's impact allows for more informed decision-making in strategy formulation and implementation. The practical benefit of this study lies in providing strategies that can increase profitability and competitiveness in the crowded food and beverage market, translating theoretical insights into real world applications that drive business success

