

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Coffee is one of Indonesia's leading export commodities, which continues to grow into a popular beverage in various circles of society. This development is marked by the spread of the coffee shop business in Indonesia. The solution provider company for the hotel, restaurant and cafe industry, together with MIX Marcomm Magazine, noted that the number of coffee shops in Indonesia reached more than 2,950 outlets. This figure has almost tripled or increased by around 1,950 outlets from 2016 which only totalled around 1,000 outlets (Pamungkas & Pramesti, 2021).

In this era of globalisation, business development is happening at a rapid pace. The growth of various businesses occurs everywhere. The increasingly intense business competition that exists with the same type of business makes every company increasingly required to move faster in attracting consumers. There is a change in the lifestyle of Indonesian people who increasingly like coffee drinking activities at coffee shops. This is reinforced by the opinion of Prof Rhenald Kasali who said that now coffee is no longer just a sleepy remover, but as part of a lifestyle where coffee shops are in great demand (Dilasari et al., 2022).

The significant growth of coffee shops means that the level of coffee purchasing decisions has increased. Not only enjoyed by the elderly, drinking coffee has now become a lifestyle among teenagers and adults. Visiting coffee

shops seems to be a new culture. Gathering, chatting with friends, while enjoying a cup of coffee is a medium to simply unwind. When the rise of coffee shops can reach a wider audience, it means that the decision to buy coffee is influenced by the culture. They will get a set of values, perceptions, preferences and behaviours from family and other environments. The onset of buying interest before making a purchase decision can certainly occur. This is influenced by various factors or considerations according to the point of view of each individual (Pamungkas & Pramesti, 2021).

In modern marketing, profit is not a primary objective that must be caught up, but the ability to make a strong customer need to the product is also very crucial. One of the methods to create customer needs is by using advertising. Company can use celebrity endorsers to make the advertising more interesting. Celebrity endorsers are used by a company to deliver the marketing message about its product. Celebrity endorser has a role to make marketing activities going smoothly (Sudjawoto et al., 2023).

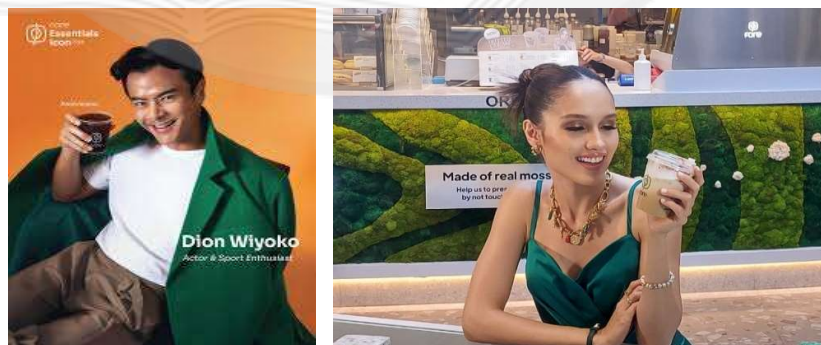
In today's highly competitive market, where several businesses are vying for dominance, establishing a strong brand image has become a crucial strategy for distinguishing themselves and gaining a competitive edge. Brand image encompasses the distinctive qualities and character of a brand, highlighting its power and individuality. An effective brand image enhances the brand's legitimacy and reputation, hence influencing consumers' purchasing decisions (Tarigan et al., 2023).

Currently, digital marketing is widely used because it is more effective and

efficient than using conventional media. The use of social media such as Instagram, Facebook, Twitter and YouTube is one of the effective steps to increase market share numbers by using influencers as intermediaries. The number of followers is a criterion used by netizens to call someone an influencer, which can reach thousands to millions of people, followers on Instagram are fans of an influencer so that the more the number, the more fans (Wiliana et al., 2020).

Fore Coffee is one of the coffee brands in Indonesia. Fore Coffee has a wide variety of flavours, ranging from full coffee, non coffee, milk coffee, chocolate, classic coffee variants, tea variants and full milk. Fore Coffee also provides a choice of cold and hot drinks and various variants of patisserie food such as croissants, cakes and others. This research will discuss customers at Fore Coffee Medan.

Celebrities who have a positive reputation and a wide fan base can increase product appeal and create an emotional connection with consumers. At Fore Coffee Medan, the use of celebrity endorsements is expected to increase brand visibility and attract consumers' attention, which in turn can influence their purchasing decisions. Consumers tend to be more trusting and interested in products that are endorsed by public figures they admire.



**Figure 1.1 Celebrity Endorser of Fore Coffee**  
Source: Fore Coffee (2024)

In celebrity endorsement, Fore Coffee uses actor Dion Wiyoko and actress Cinta Laura to support their promotional activities. This shows that in celebrity endorsement, Fore Coffee seeks to gain popularity to increase the number of their consumers from these actresses and actors.

To find out about celebrity endorsements at Fore Coffee in more depth, researchers conducted a pre-survey of 20 respondents regarding celebrity endorsements with the following results.

**Table 1.1 Pra Survey of Celebrity Endorsement**

No.	Questions	Yes	No
1	Do you recognise celebrities who endorse Fore Coffee products through various media platforms?	24	16
2	Do you trust Fore Coffee products because the celebrities who endorse them have a good reputation?	15	25
3	Are you interested in the appearance and style of celebrities who endorse Fore Coffee?	22	18
4	Do you buy Fore Coffee because of celebrity endorsements?	16	24

Source: Pra Survey (2024)

From the results of the pre-survey regarding celebrity endorsement, it is still found that consumers sometimes do not recognise the celebrities featured by Fore, besides that consumers tend not to pay attention to the reputation of celebrities, but consumers are dominantly attracted by the appearance of celebrities and consumers predominantly do not buy Fore products because of celebrity endorsers. This result shows that there is a phenomenon that consumers are not fully influenced by the celebrity endorsement carried out by Fore Coffee.

Brand image reflects consumers' perceptions and associations of a brand, including the quality, reliability and value offered. Brands with a positive and strong image tend to be more easily remembered and trusted by consumers. At Fore Coffee Medan, building a strong brand image is essential to attract new customers and

retain existing customers. A good brand image reflects not only the quality of the product but also the values and identity carried by the brand. This can create customer loyalty and encourage repeat purchase decisions.

**Table 1.2 Top Brand Ranking of Coffee Shop**

Nama Brand	2020	2021	2022	2023	2024
Fore	5.10	6.40	6.50	7.50	6.90
Janji Jiwa	29.80	39.50	38.30	39.50	44.80
Kopi Kenangan	-	-	42.60	-	39.00
Kulo	13.60	12.40	10.20	6.30	5.40

Showing 1 to 4 of 4 entries

Source: TopBrand (2024)

In terms of brand image, Fore Coffee is a brand with the lowest market penetration compared to other competitors. This can be seen from the data found from Top Brand 2024 which can be seen from the percentage from year to year that there is no significant increase. This shows that Fore's image is not as attractive as other competing brands in Indonesia. A lesser-known brand will make it more difficult for a business to compete with competitors and grow.

To find out about the brand image at Fore Coffee in more depth, researchers conducted a pre-survey of 20 respondents regarding brand image with the following results.

**Table 1.3 Pra Survey of Brand Image**

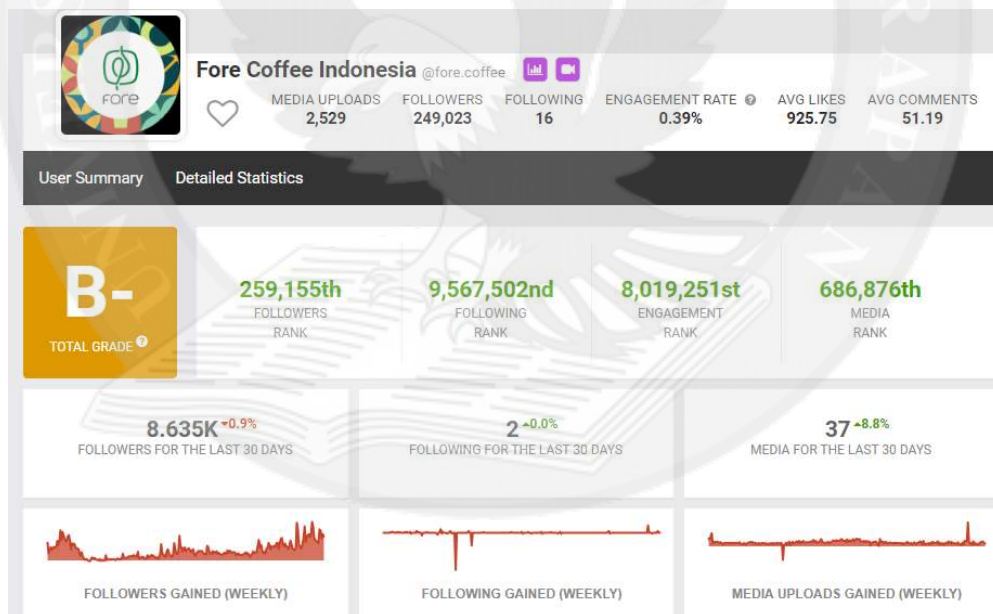
No.	Questions	Yes	No
1	Do you easily recognise the name Fore Coffee?	16	24
2	Do you like the design of Fore Coffee?	18	22
3	Do you like the quality of coffee from Fore Coffee?	27	13
4	Do you tend to choose Fore over other coffee brands?	29	11

Source: Pra Survey (2024)

From the results of the pre-survey regarding brand image, it was still found that some respondents did not remember the name Fore Coffee, then respondents

also stated that they did not fully like the design of Fore Coffee, the dominant respondents stated that they liked the quality of Fore Coffee and there were still consumers who tended to choose other brands compared to Fore Coffee. This result shows that there is a phenomenon that consumers are not fully influenced by the brand image carried out by Fore Coffee.

With so many followers on Instagram, an Instagram account can attract the attention of an entrepreneur to promote this product and influence consumer decisions to buy a product. In promote goods by uploading products, whether the product is used by the influencer, or just uploading a picture of the product and then given some descriptions of the advantages of the product. Here is the social media development data of Fore Coffee from Social Blade.



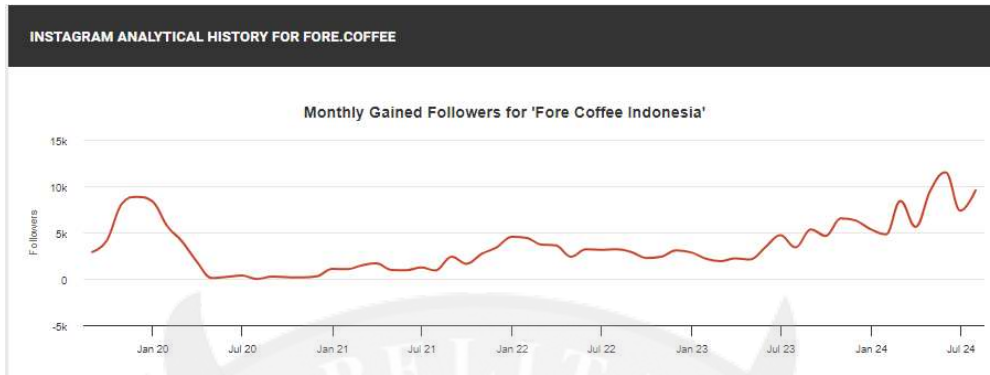


Figure 1.2 Social Media Instagram of Fore Coffee

Source: Social Blade (2024)

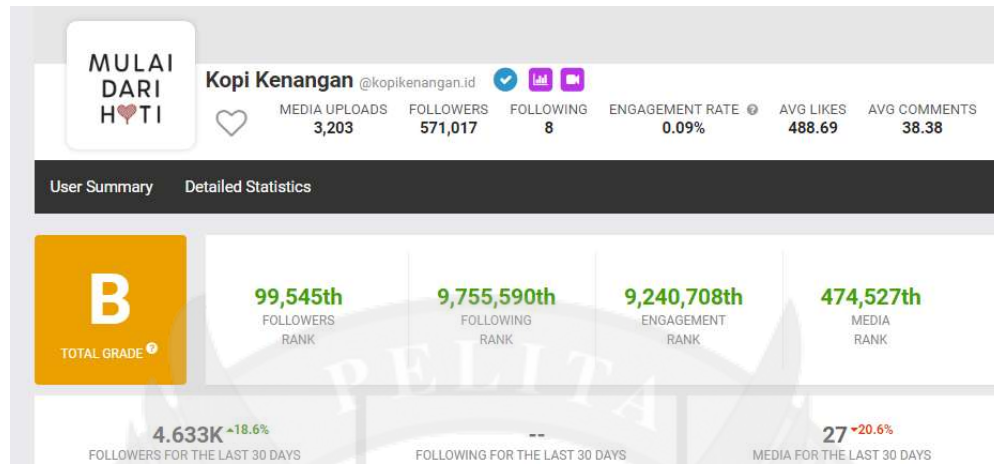
From the data taken from Social Blade shows social media marketing that is less active as shown by an engagement rate of 0.39% with 249.023 followers, it shows that Fore Coffee's social media marketing is less able to reach consumers properly. Fore Coffee's less active Instagram social media can also be seen compared to several other coffee brand from competitors as follows.

**Kopi Janji Jiwa** @kopijanjiwa

MEDIA UPLOADS	FOLLOWERS	FOLLOWING	ENGAGEMENT RATE	AVG LIKES	AVG COMMENTS
2,677	580,045	10	0.07%	388.56	23.06

<b>B</b> TOTAL GRADE	<b>97,721st</b> FOLLOWERS RANK	<b>9,719,676th</b> FOLLOWING RANK	<b>9,355,032nd</b> ENGAGEMENT RANK	<b>629,733rd</b> MEDIA RANK
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<b>1.291K</b> +120.3% FOLLOWERS FOR THE LAST 30 DAYS	-- FOLLOWING FOR THE LAST 30 DAYS	<b>15</b> +7.1% MEDIA FOR THE LAST 30 DAYS
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**Figure 1.3 Engagement Data of Competitor Coffee Shop**

Source: Social Blade (2023)

It can be seen from some of Fore Coffee's competitors that they have a higher number of followers compared to Fore Coffee. Apart from that, competitors have better engagement rates and active social media accounts, which can be seen from the number of likes and comments given by respondents.

To find out about social media instagram at Fore Coffee in more depth, researchers conducted a pre-survey of 20 respondents regarding social media instagram with the following results.

**Table 1.4 Pra Survey of Social Media Instagram**

No.	Questions	Yes	No
1	Do you find the content shared by Fore Coffee on social media very interesting and entertaining?	23	17
2	Have you ever interacted with Fore Coffee's Instagram social media?	12	28
3	Did you have a good experience with Fore Coffee's Instagram?	15	25
4	Do you find it easy to find information about Fore Coffee products on their social media?	20	20
5	Do you get information about Fore Coffee products and promotions to the public from Instagram social media?	24	16

Source: Pra Survey (2024)

From the results of the pre-survey regarding social media instagram, it was still found that some respondents stated that the dominant content presented was



less interesting, the dominant consumers had never interacted with Fore on social media, some consumers had a good experience with Fore, it was easy to find information about Fore and find promotions available at Fore through Instagram. This result shows that there is a phenomenon that consumers are not fully influenced by the social media instagram carried out by Fore Coffee.

Customer purchasing decisions are the result of various factors that influence their perceptions and preferences for a product or brand. Celebrity endorsements, brand image and social media instagram all play a role in shaping this decision. At Fore Coffee Medan, this study aims to identify the extent to which each of these variables contributes to customer purchase decisions. By understanding this relationship, Fore Coffee can develop more effective marketing strategies, increase customer satisfaction, and strengthen its position in the competitive market.

To find out about social media instagram at Fore Coffee in more depth, researchers conducted a pre-survey of 20 respondents regarding social media instagram with the following results.

**Table 1.5 Pra Survey of Purchase Decision**

No.	Questions	Yes	No
1	Do you choose Fore Coffee products because the product variants offered suit my taste?	15	25
2	Is Fore Coffee a brand that I trust in terms of product quality and service?	23	17
3	Do you buy Fore Coffee at certain locations because the service is fast and efficient?	14	26
4	Do you feel that the price offered by Fore Coffee is proportional to the amount of product purchased?	19	21

Source: Pra Survey (2024)

From the results of the pre-survey regarding purchase decision, there are still respondents who stated that Fore is not in accordance with personal taste,

respondents trust the quality of the products used, Fore branch locations are not as many as others so it is still less efficient and the prices offered are still considered expensive by some consumers.

Considering the described background of study above, the writer determines the study of celebrity endorsement, brand image and social media instagram on customer purchase decision at Fore Coffee Medan. Therefore, the relationship between these three variables will increase customer purchase decision. Hence, the title of this research is: **“THE EFFECT OF CELEBRITY ENDORSEMENT, BRAND IMAGE, AND SOCIAL MEDIA INSTAGRAM TOWARDS CUSTOMER PURCHASE DECISION AT FORE COFFEE MEDAN”**.

## **1.2 Problem Limitation**

This research will be undertaken due to the restricted opportunity from August 2024 to November 2024 about those relevant problems including celebrity endorsement, brand image and social media instagram, and purchase decision. This research is limited to selected branches of Fore Coffee in Medan. Specifically, two branches (Fore Coffee Sun Plaza & Fore Coffee Multatuli) were chosen based on their visitor numbers and strategic locations. This selection aims to represent the preferences and behavior of Fore Coffee consumers in Medan without requiring the inclusion of all existing branches. The writer has previously determined the problem's limitations, which include several independent variables (referred to as Variable X), social celebrity endorsement, brand image and social media instagram, and dependent variable (Variable Y) consist of purchase decision.

### **1.3 Problem Formulation**

Through study conducted at Fore Coffee, the writer has identified numerous inquiries pertaining to the emerging issues, which are:

- a. Does celebrity endorsement have an effect on customer purchase decision at Fore Coffee Medan?
- b. Does brand image have an effect on customer purchase decision at Fore Coffee Medan?
- c. Does social media instagram have effect on customer purchase decision at Fore Coffee Medan?
- d. Does celebrity endorsement, brand image and social media instagram have effect on customer purchase decision at Fore Coffee Medan?

### **1.4 Objective of the Research**

The aim of this research is to investigate and gather information about:

- a. To describe whether celebrity endorsement have partial effect on customer purchase decision at Fore Coffee Medan.
- b. To explain whether brand image have partial effect on customer purchase decision at Fore Coffee Medan.
- c. To explain whether social media instagram have partial effect on customer purchase decision at Fore Coffee Medan.

- d. To analyze whether celebrity endorsement, brand image and social media instagram have simultaneous effect customer purchase decision at Fore Coffee Medan.

## **1.5 Benefit of the Research**

The benefits of this research can be enumerated as follows:

### **1.5.1. Theoretical Benefit**

The findings of this study are anticipated to enhance the current theories pertaining to celebrity endorsement, brand image and social media instagram and purchase decision.

### **1.5.2. Practical Benefit**

The practical advantage of this research is as follows:

- a. The writer anticipates that the outcome of this research will make a valuable contribution to the current ideas on celebrity endorsement, brand image and social media instagram in relation to the goal of revisiting.
- b. For Fore Coffee, this research examines the efficacy of the survey in enhancing the company's performance.
- c. This research serves as a guide and reference for other researchers, directing them towards conducting compatible research.