

CHAPTER I

INTRODUCTION

1.1 Background of Study

The landscape of business growth today is marked by intense rivalry across all industries. Observing these circumstances necessitates company individuals to possess an appropriate approach to fulfil sales volume objectives. Furthermore, in light of the rapidly evolving nature of technology, it is essential for individuals to promptly and effectively respond in order to maintain a competitive edge (Ilyas and Mustafa, 2021).

Retail managers must now accurately understand and anticipate the various forms of consumer behavior when making purchases of goods and services in order to satisfy the demands of customers in today's dynamic and ever-changing business environment. This includes understanding how each individual consumer makes their purchase decisions and how they use their time, money, and energy to acquire goods and services (Fahreza et al, 2024).

Some of the businesses that emerge today are due to innovative ideas that then develop in terms of creating their own markets, or imaginative business thinking motivated by perceptions of other people's behaviour. This is distinguished by the number of Coffee Shops in Medan city. The implication is that Coffee Shop in Medan city is a promising business opportunity for entrepreneurs. How not, in addition to supporting facilities for visitors such as wi-fi, live music, and also

extraordinary designs that make the interests of various circles of society in Medan city (Iman et al, 2022).



Figure 1.1 Development data of Cafe and Restaurant Industry

Source: DataIndustri.com (2023)

In the data displayed, the development of the cafe and restaurant industry continues to show an increase from 2011 to 2023. The decline only occurred during the pandemic in 2020 and after the pandemic, the industry has increased its development again to reach the highest figure.

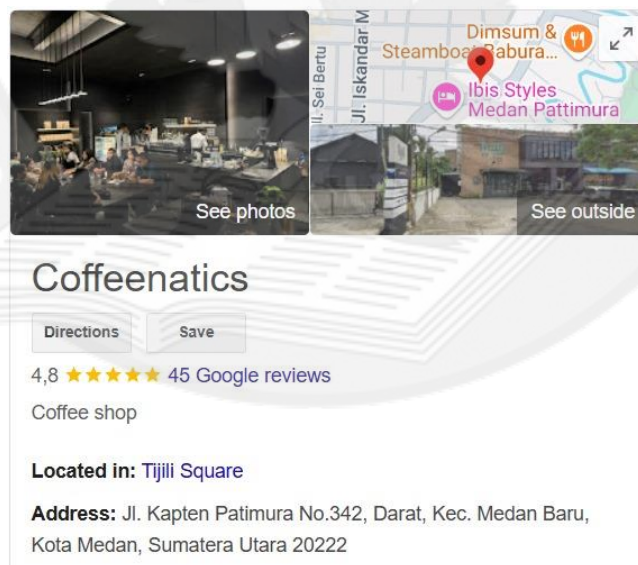


Figure 1.2 Coffeenatics Google Rating

Source: Google (2024)

Although Coffeenatics Pattimura has a high Google rating of 4.8, indicating general customer satisfaction, responses from this research reveal that some

customers still expressed dissatisfaction in areas such as store environment, service quality, and food quality. These issues are reflected in answers where respondents selected 'disagree' or 'strongly disagree,' which highlights opportunities for improvement. This study focuses on understanding and addressing these specific concerns to enhance overall customer satisfaction

Coffenatics is a coffee shop that provides various types of coffee drinks such as cappuccino, latte, matcha and so on. In purchasing decisions at Coffenatics, it can be seen from the number of consumers who visited in 2021 to 2023 as follows.

Table 1.1 Number of Consumer Visits of Coffenatics Pattimura Branch for the Period 2021-2023

Month	Number of Consumer Visits		
	2021	2022	2023
January	4780	4751	4251
February	3175	5300	3125
March	4760	4150	3250
April	4700	4200	3100
May	4115	3615	3115
June	4125	3125	3125
July	4750	3250	3310
August	4293	3100	3023
September	4165	3165	3665
October	4213	4278	4265
November	4650	4150	4150
December	5325	5235	5825
Total	53051	48319	44204

Source: Coffenatics Pattimura (2021-2023)

In the number of customer visits at Coffeenatics Pattimura Medan branch, the number of visits has decreased from 2021 to 2023. The decreasing number shows that there is decrease in the number of consumer visits. In this case, the decline in consumer visits is thought to be due to decrease in visiting consumer satisfaction which can be caused by various conditions including store environment, service quality, and food quality.

The customer will observe the store's environment before deciding to make

a purchase. Additionally, customers like a comfortable shop environment. Customers' propensity to buy is significantly influenced by the retail setting inside the restaurant. An appealing setting is crucial for enticing customers to make purchases and boosting sales (Nabila, 2023).

Store environment as one of the factors that can influence customer purchase decision. In the store environment of Coffenatics Patimura, there are still several complaints about the environment from consumers when visiting Coffenatics. Here are some complaints given by consumers on google reviews about store environment.

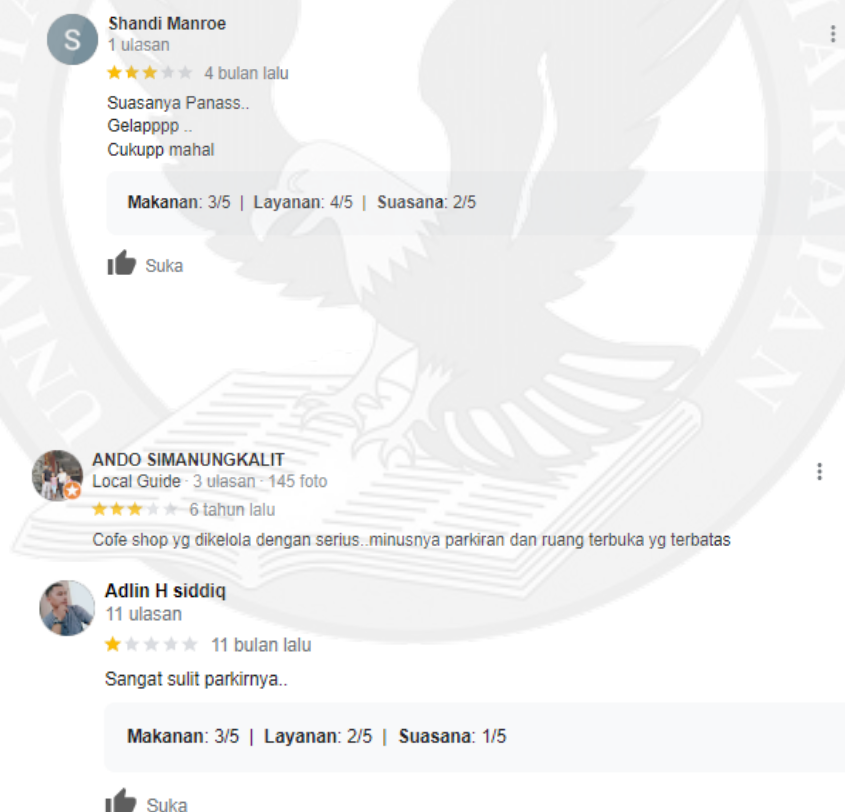


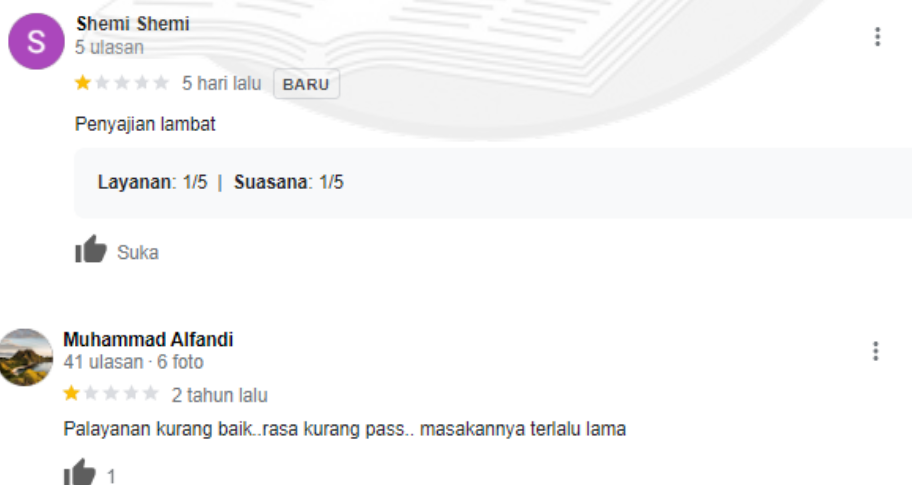
Figure 1.3 Store Environment Reviews

Source: Google Reviews (2024)

In the store environment, the phenomenon of problems complained by consumers is about the atmosphere of the cafe which tends to be hot, dark, limited open space and difficulty finding parking, especially for cars because of limited road access. This complaint shows that consumers still state that the store environment at Coffenatics Patimura is not in accordance with their expectations.

In addition to using marketing tactics to attract clients, businesses must concentrate on internal organizational components, such as service quality, to draw in consumers. In general, everyone who requires and utilizes services anticipates receiving excellent (high quality) service. If customers get and experience the service as anticipated, then the quality of the service may be regarded as excellent and good (Victor, 2024).

Another factor that can influence purchasing decisions is service quality. At Coffenatics Patimura, consumers still complain about several service problems by employees. Complaints that occur because employees have not performed services in accordance with consumer expectations. Here are some consumer complaints from google reviews.



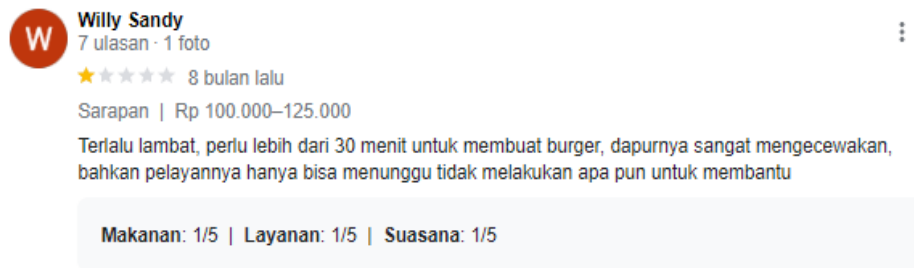


Figure 1.4 Service Quality Reviews

Source: Google Reviews (2024)

On the phenomenon of service quality, the phenomenon of problems complained about by consumers regarding slow service, serving food that takes too long. Long service complaints show that the quality of service at Coffeenatics has not gone well. Complaints about service quality show that employees who perform services have not been able to meet consumer expectations and do not have good service standards.

One of the factors that can make customer buying is food quality. To provide customer buying, a restaurant is required to always maintain the quality of its food according to the standards that have been paired. One of the key elements of a restaurant's entire customer experience is the quality of the food. Consumer purchase choices are heavily influenced by food quality, therefore as food quality rises, so will purchasing decisions (Winarsih, 2022).

Food quality, especially in this case the food and beverages served, is another crucial factor. Products that are quality, delicious, and consistent with customer expectations can increase the level of customer purchase decision. On the quality of food at Coffeenatics Patimura, some consumers still complain about the taste of the coffee and food served which does not meet their tastes. This can be seen from the following complaints.



Figure 1.5 Food Quality Reviews

Source: Google Reviews (2024)

In terms of food quality, the problematic phenomenon was that the food was tasteless and overcooked. In addition, some drinks tasted too sweet. Complaints about food presentation that has not been prepared according to consumer expectations. Consumer complaints show that the food and beverages served lack serving standards and the quality of the food served cannot be enjoyed properly by consumers.

Prior studies by Nabila and Tambunan (2023) demonstrate that customer interest in purchasing is positively and significantly impacted by food quality, service quality, and shop environment. Product innovation and service quality, partly and concurrently, have a substantial impact on customer purchase choices at the Ming Kopi Medan coffee shop, according to study by Ningsih and Muzdalifah (2024). Another study conducted in Samia revealed that there is no discernible

beneficial impact of brand quality on purchasing decisions. The findings also indicate that there is no discernible beneficial influence of the shop atmosphere on consumers' decisions to buy. Additionally, the results show that perceived value significantly influences buying decisions in a favorable way.

Considering the described background of study above, the writer determines the study of store environment, service quality, and food quality on customer purchase decision at Coffenatics Pattimura Medan. Therefore, the relationship between these three variables will increase customer purchase decision. Hence, the title of this research is: **“THE EFFECT OF STORE ENVIRONMENT, SERVICE QUALITY, AND FOOD QUALITY TOWARDS CUSTOMER PURCHASE DECISION AT COFFENATICS PATTIMURA MEDAN”**

1.2 Problem Limitation

This research will be undertaken due to the restricted opportunity from June 2024 to December 2024 about those relevant problems including store environment, service quality, and food quality, and purchase decision. The writer has previously determined the problem's limitations, which include several independent variables (referred to as Variable X), store environment, service quality, and food quality, and dependent variable (Variable Y) consist of purchase decision. The indicator of store environment about the store exterior, the general interior, store layout, interior display (Fahreza, 2024) The indicator of service quality about tangibility, reliability, responsiveness, assurance, empathy (Supriyanto et al, 2021) The indicator of food quality about taste, texture, aroma, temperature, presentation (Mahardika and Lubis,

2022) The indicator of purchase decision about choice of product, brand, seller, purchase amount (Akbar and Tjahjaningsih, 2023).

1.3 Problem Formulation

Through study conducted at Coffenatics Pattimura Medan, the writer has identified numerous inquiries pertaining to the emerging issues, which are:

- a. Does store environment have effect on customer purchase decision at Coffenatics Pattimura Medan?
- b. Does service quality have effect on customer purchase decision at Coffenatics Pattimura Medan?
- c. Does food quality have effect on customer purchase decision at Coffenatics Pattimura Medan?
- d. Does store environment, service quality, and food quality have effect on customer purchase decision at Coffenatics Pattimura Medan?

1.4 Objective of the Research

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

- a. To describe whether store environment have partial effect customer purchase decision at Coffenatics Pattimura Medan.
- b. To explain whether service quality have effect on customer purchase decision at Coffenatics Pattimura Medan.
- c. To explain whether food quality have effect on customer purchase decision at Coffenatics Pattimura Medan.

- d. To analyze whether store environment, service quality, and food quality have effect on customer purchase decision at Coffenatics Pattimura 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 store environment, service quality, and food quality 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 store environment, service quality and food quality in relation to the goal of revisiting.
- b. For Coffenatics Pattimura Medan, 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.