

CHAPTER I

INTRODUCTION

1.1 Background of Study

The Indonesian Republic is the largest and most populous country in ASEAN, comprising over 17,000 islands, including some of the largest in the world, this is said by (Asean Access, 2020). The food and beverage industry is crucial for Indonesia's economic growth, encompassing aspects of nutrition, enjoyment, and social interaction. This sector is vital not just for fulfilling basic human needs, but also for its significant impact on the global cultural, social, and economic landscape. Consequently, micro, small, and medium enterprises (MSMEs) are key supporters of the food and beverage industry in Indonesia. According to (Candra et al., 2023) in 2021, Indonesia's gross domestic product (GDP) in the food and beverage sector grew by 2.54% over the prior year. According to the Central Statistics Agency, the GDP for this sector was IDR 775.1 trillion in 2021, up from IDR 755.9 trillion in 2020. Indonesian cuisine is renowned for its use of spices, herbs, and a harmonious blend of sweet, salty, sour, and spicy flavors. Perspective by (Turap et al., 2023) the food and beverage sector, particularly cafes, is experiencing intensifying competition. Business owners are not only competing on food quality but also on price, location, service, ambiance, and ease of transactions.

Over the years, the food and beverage industry has evolved significantly, driven by changing consumer preferences, technological advancements, globalization, and health trends. Medan, the capital of North Sumatera, Indonesia, is a bustling metropolis known for its rich culinary and diverse food scene. The city's F&B industry caters not only to residents but also to tourists seeking authentic Indonesian and international cuisine. Understanding the dynamics of this booming industry in Medan is crucial for businesses and policymakers seeking to capitalize on its economic and cultural importance.

This study focuses on Istpatisserie Medan, a popular Dessert shop that specializes in high-quality pastries and sweets in Medan, and investigates how three key factors cafe atmosphere, customer experience, and menu variation impact the choices made by their customers purchasing decisions. According to (Porajou et al., 2023) it is argued that a cafe serves as a space where people can unwind and socialize while enjoying drinks and food. Although a cafe is a type of restaurant, it emphasizes a more laid-back atmosphere, entertainment, and guest comfort, offering cozy seating and soothing music. Creating a café environment that is inviting, enjoyable, visually appealing, and uniquely themed compared to competitors can significantly impact consumer decisions when choosing a cafe and making purchases. A pleasant café atmosphere can also make consumers feel at home, thereby increasing café purchases. Below is some documentation of the Cafe Atmosphere at Istpatisserie Medan.

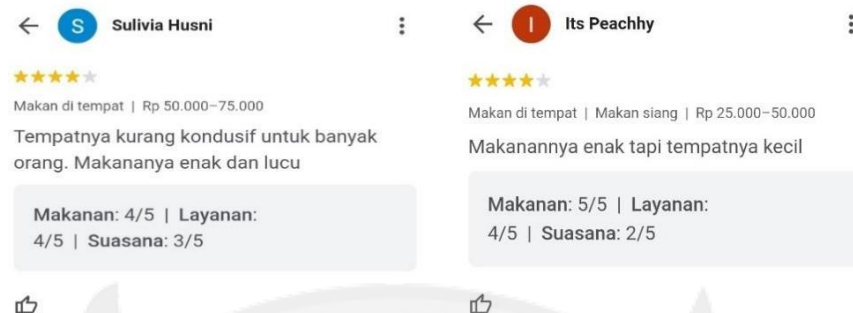


Figure 1.1 Review Café Atmosphere of Istpatisserie

Source: By Writer (2024)

The phenomena from the customer reviews above that some customers feel dissatisfied with the cafe atmosphere because of the limited space. The reviews show that the small size of the cafe reduces their comfort and experience while they are there. This limited space often causes disturbing crowding, as well as a lack of privacy, which affects the overall atmosphere of the cafe. This certainly affects customer purchasing decisions, because an uncomfortable atmosphere can make customers reluctant to revisit or recommend the cafe to others. According to (Budiman & Dananjoyo, 2021) assert that in a business context, a subpar cafe atmosphere can negatively impact customer retention and revenue. It can also influence customer purchasing decisions, particularly if patrons decide to move to other venues that provide a more enjoyable experience.

Here some problems associated with indicators of cafe atmosphere issues with the exterior include a lack of visual appeal, which diminishes its ability to attract new customers and create a strong first impression. Inside, the limited space of the cafe causes overcrowding and reduces customer comfort and privacy, especially during busy periods. Additionally, an inefficient store layout hinders

movement flow and creates an uncomfortable environment, discouraging customers from staying longer. Problems with the interior point-of-purchase areas, inefficiencies in the design and layout of ordering and payment spaces within Istpatisserie. These areas are not optimized for customer convenience, leading to confusion and delays during the purchasing process.

Customer experience is the internal subjective response, feeling, reaction or interpretation of a customer because of direct or indirect interaction with a brand, service provider or company. According to (Rindy, 2022), customer experience arises from the interaction between products and customers, establishing a connection between the variables. This interaction reflects various levels of relationship, both rational and emotional. Customer experience also includes how customers communicate their happiness or discontent with a particular goods or service. According to (Mani et al., 2022) customer experience positively impacts purchasing decisions, as prospective buyers typically undergo a lengthy process before making a purchase. This often involves seeking advice and gathering information from others who have previously bought the product. Here are some reviews from customers:



Figure 1. 1 Online review of istpatisserie
Source: Gojek and Google (2024)

From the reviews, it appears that some customers are dissatisfied with the cafe's service due to the long serving time. In addition, there are also complaints in Gojek reviews regarding the discrepancy between the shape of the cake ordered and the one received. This dissatisfaction can affect customer purchasing decisions, as long waiting times and inaccurate orders can reduce their trust in the quality of the cafe's service. This has the potential to reduce the likelihood of customers returning and recommending the cafe to others, as well as affecting the business's reputation and revenue.

Here some problems associated with indicators of customer experience, experience aspects like ambiance and music fail to meet customer expectations, reducing the overall satisfaction of their experience. Satisfaction with the service also emerges as a significant issue, with customers complaining about long serving times and discrepancies between orders, such as receiving products in a different shape than expected. These service issues erode trust and satisfaction with the cafe's ability to resolve problems. Furthermore, limited opportunities for customer participation, such as personalizing their experience or providing feedback, can leave customers feeling undervalued. Lastly, service added value relative to other services, Istpatisserie inability to provide unique advantages that distinguish it from competitors. Customers may perceive the cafe as lacking exclusive benefits or superior services, which diminishes its appeal. This issue arises because the cafe does not consistently offer extra value, such as loyalty programs, personalized services, or unique features that enhance customer satisfaction. As a result, customers may find little reason to prioritize Istpatisserie over other cafes.

According by (ONI SINAMBELA, 2022) menu variation is a key factor in customer satisfaction. Since customers have varied tastes, a cafe with a wide range of menu options is likely to attract more interest from patrons. Istpatisserie Medan releases many new menus on big holidays. Such as Chinese New Year, Christmas, Ramadhan and even Valentine's Day. Below is some documentation of the menu variation at Istpatisserie Medan.



Figure 1. 2 Menu Variation of istpatisserie

Source: Instagram of istpatisserie (2024)

As the menu issued is very varied, but the menu is not issued in the long term, istpatisserie Medan only issues special menus on big days. If the big day passes, then the menu will not be issued either. It can be said that the menu issued is a limited-edition menu. The problem that customers often face is if they want to buy the menu, but the menu is not issued anymore, customers will feel disappointed and not satisfied because they cannot buy according to their wishes.

Here are some problems associated with indicators of menu variation, Istpatisserie offers a diverse menu during specific periods, such as special day like Independence Day, Valentine's Day and so on. These items are often limited-edition. This makes customers feel disappointed when customer preferred the menu and the items are no longer available after these periods. This lack of continuity in

product availability limits customer satisfaction, as they are unable to consistently purchase their desired options. For menu innovation Istpatisserie does not consistently update or refresh its menu with new and exciting items. While the cafe introduces special menu items, these innovations are not frequent enough to maintain customer interest throughout the year. This lack of continuous innovation can cause customers to lose interest over time and seek more dynamic options from competitors. For products that meet consumer tastes, Istpatisserie sometimes fails to offer menu items that align with the specific preferences or needs of its customers. While the cafe introduces special holiday menus, these items are only available for a short time. Customers may feel frustrated if their favorite items are no longer available after the holidays. This can lead to dissatisfaction and cause customers to look for alternatives that offer a wider range of choices.

The writer collected some data regarding the number of customers that visited and dine in Istpatisserie Medan. The number of customers in 2021-2023 can be observed in the manner described below:

Table 1. 1 Number of Istpatisserie customer

No.	Years	Customers Amount	Percentage
1	2021	9520	-
2	2022	15893	66.68%
3	2023	13546	-14.85%

Source: Owner of Istpatisserie Medan (2024)

From 2021 to 2022, the number of customers increased from 9,520 to 15,893. This shows significant growth, namely 66.68%. This is a sizeable increase, indicating that cafe Istpatissarie experiences strong growth in terms of customer

numbers in 2022. From 2022 to 2023, the number of customers decreased from 15,893 to 13,542. This represents a decline of 14.85%. This decline shows that despite significant growth in 2022, the number of subscribers decreased in 2023.

Here are some problems associated with indicators of customer purchasing decisions Istpatisserie inability to consistently address the specific needs and desires of its customers. Customers typically make purchasing decisions based on their perceived needs, which could include cravings, the desire for a comfortable environment, or the expectation of quality products. The lack of sufficient information or engagement that could influence potential customers before they decide to visit Istpatisserie. Before making a purchase, customers often engage in activities such as researching the menu, reading reviews, and gathering information from various sources like social media or word-of-mouth recommendations. This lack of transparency and visibility may discourage customers from visiting or making a purchase, potentially leading them to choose another cafe with a better online presence or more easily accessible information.

The challenges customers face when deciding the best time to visit Istpatisserie. customers often choose specific times to visit based on factors such as avoiding crowded periods or ensuring that their favorite items are available. If the cafe experiences overcrowding or a limited menu availability during peak times, it can lead to a negative experience. This can affect their decision to return or to recommend the cafe to others, as customers generally prefer a seamless and

convenient experience. Therefore, the timing of visits and the cafe's ability to accommodate customer preferences during those times is crucial to maintaining customer satisfaction. Customers who experience delays, receive incorrect orders, or are unhappy with the overall service may share their dissatisfaction through reviews or word-of-mouth, which can harm the cafe's reputation. Negative post-purchase behavior, such as a lack of return visits or recommendations, can significantly impact customer retention and reduce future sales.

All the points mentioned above have influence towards customers purchasing decisions. According to (Riyadi & Rangkuti, 2016), customer purchasing decisions involve choosing between two or more products or services. This process includes several steps and considerations influenced by various factors. For businesses, understanding this process is crucial as it allows business to adjust their marketing and sales strategies to better address customer needs and preferences.

Istpatisserie is a cafe or dessert shop that is located at Jalan Gatot Subroto No.23, Petisah Tengah, Kec. Medan Petisah, Kota Medan, Sumatera Utara 20111. This cafe provides various types of cake and patisserie, starting from birthday cake, dessert box, cookies, croissant, slice cake, cheesecake, etc. and from the explanation above it can be seen that the variable cafe atmosphere, customer experience and menu variation have a all significantly impact to customer purchasing decisions.

The author would want to conduct this study under the title "**The Influence of Cafe Atmosphere, Customer Experience and Menu Variation towards Customer Purchasing Decisions at Istpatisserie Medan**"

1.2 Problem Limitation

This research was conducted at Istpatisserie Medan Jalan Gatot Subroto No.23 and was taken during the period August to November 2024. The writer identifies problem limitations on Cafe Atmosphere, Customer Experience, and Menu Variation as independent variables and Customer Purchasing Decisions as dependent variable.

There are some indicators of each variable:

- According to (Budiman & Dananjoyo, 2021), the indicators of Cafe Atmosphere (X1) is Exterior, General Interior, Store Layout, and Interior Point-of-Purchase.
- According to (Indah Handaruwati, 2021), the indicators of Customer Experience (X2) in this research is experience (sense), satisfaction with the service (feel), satisfaction with the solution (think); consumers participate in decision-making (act), and service added value relative to other services (relate).
- According to (Lestari et al., 2022), the indicators of Menu Variation (X3) in this research is the products sold have various sizes, variants, and flavors, Menu innovation, Products meet consumer tastes.
- According to (Ansari Harahap et al., 2018), the indicators of Customers purchasing Decision (Y) in this research is Perceived needs, activities before purchase, behavior time of use and behavior post purchase.

1.3 Problem Formulation

In this research, the writer can determine the problem formulation as below:

- Does Cafe Atmosphere have a partial influence towards Customer Purchasing Decisions at Istpatisserie Medan?
- Does Customer Experience have a partial influence towards Customer purchasing Decisions at Istpatisserie Medan?
- Does Menu Variation have a partial influence towards Customer purchasing Decisions at Istpatisserie Medan?
- Do Café Atmosphere, Customer Experience, and Menu Variation have simultaneously influence Customer Purchasing Decisions at Istpatisserie Medan?

1.4 Objective of research

The specific research objectives are as follows:

- Problem li whether Cafe Atmosphere has significant influence towards customer purchasing decisions at Istpatisserie Medan.
- To know Customer Experience has significant influence towards customer purchasing decisions at Istpatisserie Medan.
- To know whether Menu Variaation has significant influence towards customer purchasing decisions at Istpatisserie Medan.
- To know whether Cafe Atmosphere, Customer Experience and Menu Variation have significant influence towards Customer Purchasing Decisions at Istpatisserie Medan.

1.5 Benefit of Research

1.5.1 Theoretical Benefit

This research can provide theory about restaurant atmosphere, customer experience, menu variation and customer purchasing decisions that can provide theoretical benefit for marketing and restaurant managers and marketers make smarter choices about how they advertise and treat their customers.

1.5.2 Practical Benefit

1. For Restaurant

By understanding how factors such as cafe atmosphere, customer experience, and menu variation influence customer purchasing decisions, restaurants can make informed choices that significantly enhance customer satisfaction. A well-designed cafe atmosphere creates a welcoming environment, encouraging customers to stay longer and enjoy their experience, while a focus on customer experience such as quality service and staff interaction tailor's offerings to meet expectations and fosters loyalty. Additionally, regularly updating the menu with seasonal or trending items keeps the offerings fresh and appealing, attracting both new and returning customers. Overall, this understanding enables restaurants to implement strategies that enhance the dining experience, leading to stronger customer loyalty and increased revenue in a competitive market.

2. For Writer

By conducting this research allows writer to delve deeper into topics of interest, gather credible information, and provide accurate and well-supported content for their audience. This research allows writers to explore new perspectives and uncover trends that may not be widely known, allowing writer to offer fresh insights and analysis to their readers.

3. For the other Research

Future research on the same topic can utilize this study as a reference point, drawing on its findings and methodologies to build upon existing knowledge by doing so, researchers can further explore the relationships among the variables examined in this study and potentially uncover new insights or patterns. Additionally, this work can serve as a foundation for comparative analysis with other studies in the field, enabling a more comprehensive understanding of the subject matter.