

CHAPTER I

INTRODUCTION

1.1 Background of Study

Right now, the coffee industry is expanding significantly. The growing number of coffee shops nearby is indicative of this tendency, driven by a shift in lifestyle. Coffee outlets are no longer just places to enjoy a cup of coffee but have evolved into venues for socializing, working on assignments, holding meetings with clients, and even functioning as co-working spaces (Suryani & Kristiyani, 2021). Understanding and responding to consumer needs is a crucial aspect that coffee business owners must continuously enhance.

The growing number of similar and competitive products requires marketing strategies that are innovative and of superior quality. Business players strive to capture consumer interest and maintain customer loyalty in order to boost purchases and, ultimately, influence buying decisions. Various factors contribute to purchasing behavior. Planning, pricing, and distribution are the three main commercial operations that make up marketing management, products, services, or ideas that meet the needs and expectations of the target market to achieve organizational objectives (Setyaningsih, 2021).

One of the things that concerns companies to be able to compete is how to increase purchase decisions that arise from customers because they are interested in products. Before deciding to buy a product, consumers will go through the process of choosing several alternative available products and perform evaluation of

existing alternatives before finally deciding to buy goods that have been selected in accordance with needs and desires of the consumer (Rahayu and Wicaksono, 2023).

In 2017, a network of coffee shops called Kopi Kenangan was founded. Kopi Kenangan currently operates a number of locations in Indonesia. One of Indonesia's top brands is Kopi Kenangan. This research will take the location of Kopi Kenangan in the city of Binjai, North Sumatra.

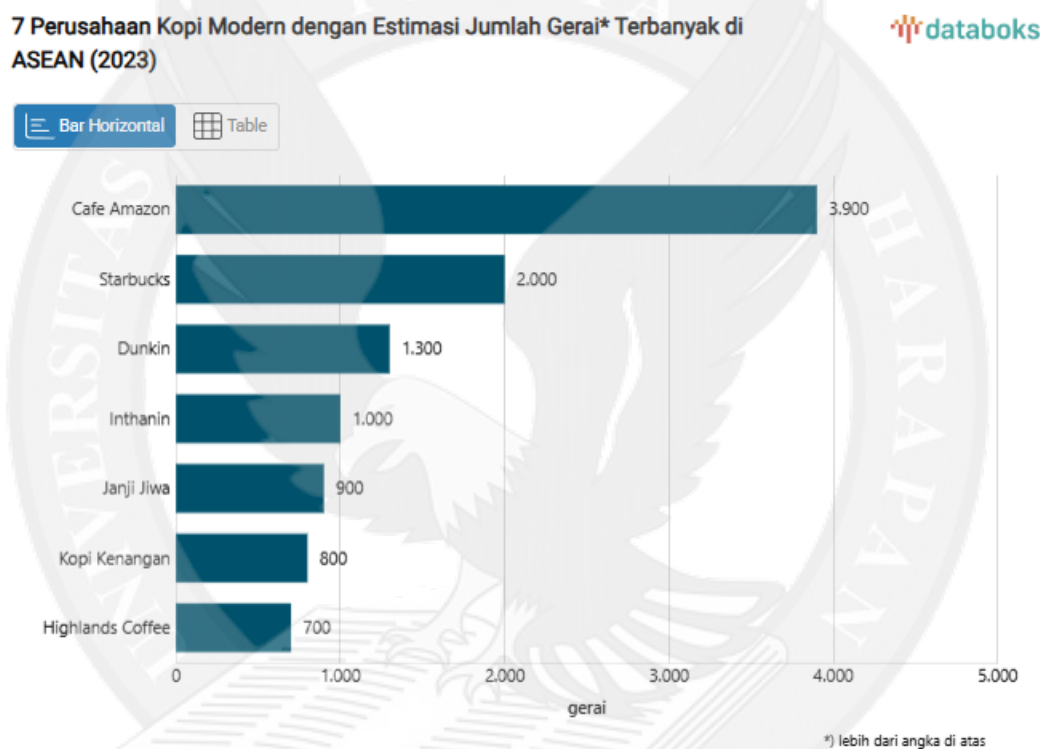


Figure 1.1 Modern Coffee Company Brand

Source: GoodStats (2023)

Based on the data in figure 1.1, it shows that Kopi Kenangan is one of the most recognised coffee brands and has a large number of outlets in various locations in Indonesia. The number of Kopi Kenangan outlets as of 2023 data reached 800 outlets. However, this number is still less competitive with several competing brands in Indonesia such as Janji Jiwa and Starbucks.

Despite having a large number of outlets, Kopi Kenangan needs to maintain consumer purchasing decisions due to the growing business competition from other competitors. The decision-making process is crucial because it allows consumers to research various brands or products, evaluate them, and even select from a range of options before making informed and convenient decisions (Salsabila and Astuti, 2023).

This research will use the Kopi Kenangan Binjai branch which is located at Jalan Sultan Hasanuddin No.100, Kartini, Kec. Binjai Kota, Binjai City. The authors performed a pre-survey with 20 respondents who purchased coffee from Kopi Kenangan Binjai in order to learn more about the phenomenon of consumer purchasing decisions. The results of the pre-survey that was supplied to the respondents are as follows.

Table 1.1 Pra Survey of Purchase Decision

No.	Questions	Yes	No
1	Kopi Kenangan products variants offered suit your taste preference	8	12
2	Kopi Kenangan can be trusted in terms of product quality and service	9	11
3	Kopi Kenangan has certain locations with different service quality	12	8
4	Price offered by Kopi Kenangan is proportional to the amount of product purchased	11	9

Source: Pra Survey (2025)

Based on table 1.1, the results of the pre-survey regarding purchase decision, there are still respondents who stated that product from Kopi Kenangan has not provided a variant of taste that suits their tastes, then dominant consumers lack confidence in the quality of products from Kopi Kenangan, consumers tend to buy Kopi Kenangan in certain places because of fast service and consumers feel the price paid is in accordance with the products sold by Kopi Kenangan. The problem

phenonema found is that there are products with better flavour variants than Kopi Kenangan and consumers who do not fully trust the quality of the products from Kopi Kenangan.

The store's ambiance is another key element in its product offerings. Every retail space is designed with a specific layout to ensure customers can navigate it comfortably and without difficulty. Moreover, the atmosphere of a store can be seen as an environmental setup aimed at evoking emotional reactions, shaping customer perceptions, and influencing purchasing behavior (Raniya et al, 2023).

To find out the phenomenon of store atmosphere the authors conducted a pre-survey to 20 respondents who bought coffee from Kopi Kenangan Binjai. The following are the results of the pre-survey given to respondents.

Table 1.2 Pra Survey of Store Atmosphere

No.	Questions	Yes	No
1	The exterior design of Kopi Kenangan is attractive and easily recognizable	12	8
2	The atmosphere inside Kopi Kenangan is comfortable and makes me feel at home	9	11
3	The layout of tables and chairs at Kopi Kenangan makes customers feel comfortable	8	12
4	The menu and price board at Kopi Kenangan are easy to see and read	15	5

Source: Pra Survey (2025)

Based on table 1.2, it shows that respondents stated that the exterior design at Kopi Kenangan is easy to understand and recognise, the atmosphere inside Kopi Kenangan does not make you feel at home, the table layout is considered still narrow, the menu and price board are easy to find and read. The phenomenon of problems found in the store atmosphere is that consumers complain about the atmosphere in Kopi Kenangan which is less comfortable and the arrangement of tables and chairs that feel less supportive.

Some complaints about the store atmosphere complained about by consumers are as follows.



Figure 1.2 Complaint of Store Atmosphere

Source: Google Reviews (2025)

WOM is a form of commercial communication that is the most important concept of behavioral intention. The process of recommending a product or service to others, both individually and collectively, with the intention of sharing personal information is known as word-of-mouth (WOM). However, because it truly depends on the viewpoint of the buyer, some evaluations might be positive and others might just be guaranteed (Kevin and Simon, 2024).

The authors conducted a pre-survey with 20 respondents who purchased coffee from Kopi Kenangan Binjai in order to determine the phenomena of word-of-mouth. The results of the pre-survey that was supplied to the respondents are as follows.

Table 1.3 Pra Survey of Word of Mouth

No.	Questions	Yes	No
1	I often tell my friends or family about my positive experiences when enjoying Kopi Kenangan.	8	12
2	I have invited others to try the menu at Kopi Kenangan	11	9.
3	I am happy to share Kopi Kenangan promos or discounts with friends or family	9	11

Source: Pra Survey (2025)

Based on table 1.3, the results of the pre-survey regarding word of mouth, there are still respondents who stated that they did not share their experiences when enjoying Kopi Kenangan, never shared Kopi Kenangan promos with friends and never invited others to buy Kopi Kenangan. The problem phenonema found is that consumers tend not to tell their experiences and do not share the promos they use with their colleagues.

The rapid expansion of social media offers businesses new ways to capitalize on its potential as a marketing medium. Instagram stands out as a highly favored platform for promotional purposes. As a mobile-friendly, image-sharing service that incorporates location-based elements, Instagram provides users with a personalized visual representation of various moments, experiences, and scenarios (Salsabila and Astuti, 2023).

On the social media used by Kopi Kenangan, namely Instagram, the author will compare social media activities with the same competitors in the Binjai city area with the following results.

Table 1.4 Comparison of Social Media Instagram

No.	Name	Posts	Followers
1	Kopi Kenangan	3.467	615k
2	Lim Kok Tong	790	4.541
3	Clouds Coffee	45	703
4	Masa Kopi	182	548

Source: Instagram (2025)

Based on table 1.4, it shows that Kopi Kenangan has the most active social media compared to other competitors, especially those in Binjai City. Despite having the highest number of followers on Instagram, Kopi Kenagan needs to keep developing its social media.



Figure 1.3 Social Media Instagram from Kopi Kenangan

Source: Instagram (2025)

To find out the phenomenon of social media instagram by consumers, the authors conducted a pre-survey to 20 respondents who bought coffee from Kopi Kenangan Binjai. The following are the results of the pre-survey given to respondents.

Table 1.5 Pra Survey of Social Media Instagram

No.	Questions	Yes	No
1	You find the content shared by Kopi Kenangan on social media very interesting and entertaining	15	5
2	You ever interacted with Kopi Kenangan's Instagram social media	4	16
3	You have a good experience with Kopi Kenangan's Instagram	12	8
4	You easy to find information about Kopi Kenangan's products on their social media	11	9
5	You get information about Kopi Kenangan's products and promotions to the public from Instagram social media	16	4

Source: Pra Survey (2025)

Based on table 1.5, 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 Kopi Kenangan on social media, some consumers had a good experience with Kopi Kenangan, it was easy to find information and find promotions available at Kopi Kenangan through Instagram. This result shows that there is a phenomenon that consumers

are not fully influenced by the social media instagram carried out by Kopi Kenangan.

Considering the described background of study above, the writer determines the study of store atmosphere, word of mouth, and social media instagram on customer purchase decisions at Kopi Kenangan Binjai. Therefore, the relationship between these three variables will increase customer purchase decision. Hence, the title of this research is: **“THE EFFECT OF STORE ATMOSPHERE, WORD OF MOUTH, AND SOCIAL MEDIA INSTAGRAM TOWARDS CUSTOMER PURCHASE DECISION AT KOPI KENANGAN BINJAI”**

1.2 Problem Limitation

This research will be undertaken due to the restricted opportunity from January 2025 to May 2025 about those relevant problems including store atmosphere, word of mouth, and social media instagram, and customer purchase decision. The writer has previously determined the problem's limitations, which include several independent variables (referred to as Variable X), store atmosphere, word of mouth, and social media instagram, and dependent variable (Variable Y) consist of customer purchase decision.

1.3 Problem Formulation

Through study conducted at Kopi Kenangan Binjai, the writer has identified numerous inquiries pertaining to the emerging issues, which are:

- a. Does store atmosphere have effect on customer purchase decision at Kopi Kenangan Binjai?
- b. Does word of mouth have effect on customer purchase decision at Kopi Kenangan Binjai?
- c. Does social media instagram have effect on customer purchase decision Kopi Kenangan Binjai?
- d. Does store atmosphere, word of mouth, and social media instagram have effect customer purchase decision at Kopi Kenangan Binjai?

1.4 Objective of the Research

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

- a. To describe whether store atmosphere have effect on customer purchase decision at Kopi Kenangan Binjai.
- b. To explain whether word of mouth have effect on customer purchase decision at Kopi Kenangan Binjai.
- c. To explain whether social media instagram have effect on customer purchase decision at Kopi Kenangan Binjai.
- d. To analyze whether store atmosphere, word of mouth, and social media instagram have effect on customer purchase decision at Kopi Kenangan Binjai.

1.5 Benefit of the Research

The advantages of this research can be outlined as follows:

1.5.1. Theoretical Benefit

It is expected that the study's conclusions will strengthen existing hypotheses on customer buying decisions, social media, word-of-mouth, and retail atmosphere.

1.5.2. Practical Benefit

The following are the research's practical benefits:

- a. The writer anticipates that the outcome of this research will make a valuable contribution to the current ideas on store atmosphere, word of mouth, and social media instagram in relation to the goal of customer purchase decision.
- b. For Kopi Kenangan Binjai Branch, this research examines the efficacy of the survey in enhancing the company's performance.
- c. This study acts as a resource and reference for other researchers, guiding them in carrying out relevant and aligned research.