

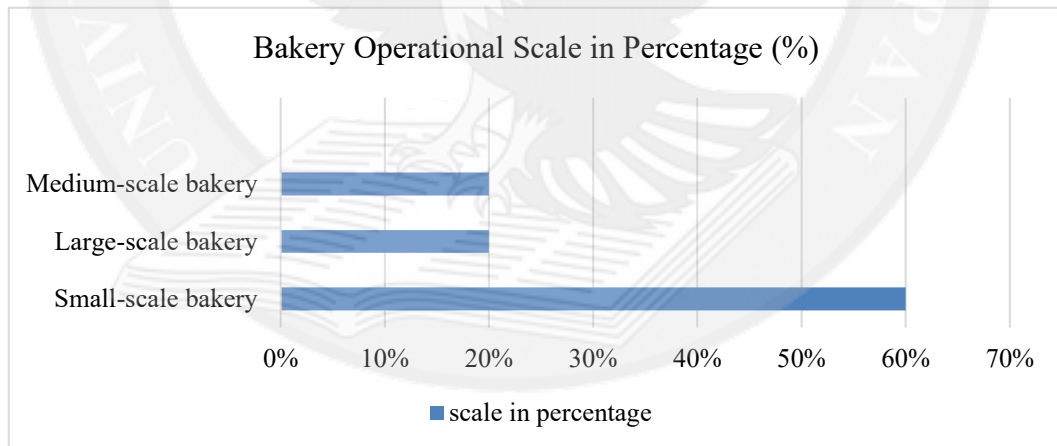
CHAPTER I

INTRODUCTION

1.1 Background of the Study

The bakery industry in Indonesia has experienced significant growth over recent years, attracting consumers from all socioeconomic backgrounds. This widespread appeal has created promising business opportunities across various operational scales, from small home industries to large-scale enterprises. According to industry data, small-scale bakery operations constitute approximately 60% of the market, large-scale industries account for 20%, while the remaining 20% belongs to medium-scale operations.

Table 1.1 Chart Bakery Operational Scale in Percentage (%)

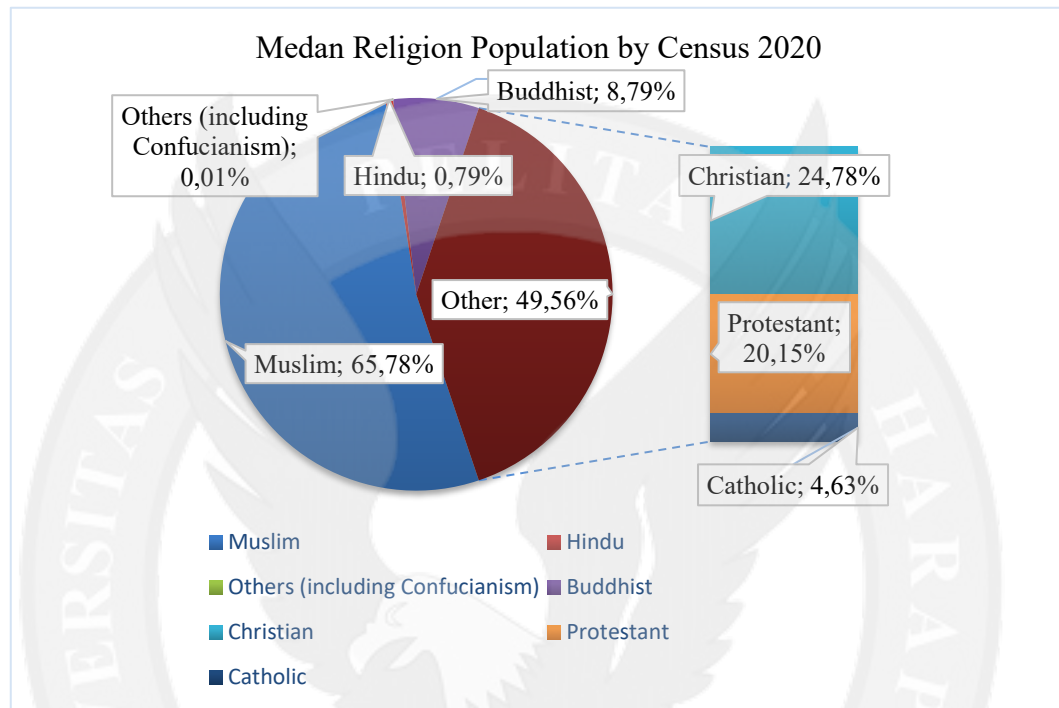


Source: Industry Data (2022)

This distribution demonstrates the sector's dynamic nature and the potential for growth, particularly in urban centers like Medan. In such a competitive

environment, bakery businesses must continuously innovate their products and adapt to emerging trends and technologies to maintain market relevance.

Table 1.2 Chart Medan Religion Population by Census 2020



Source: Wikipedia Encyclopedia (2020)

The city of Medan presents a particularly interesting case for bakery businesses due to its significant Muslim population, which represents 65.78% of the potential market share. This demographic factor has prompted bakery establishments to place special emphasis on halal certification and transparency regarding ingredients, preparation methods, and equipment usage. Such efforts aim to provide assurance to Muslim consumers about product compliance with Islamic dietary laws, thereby enhancing business competitiveness in this important market segment.

Within the context of Majestyk Bakery Gatot Subroto Medan, this study investigates the shifting environment of conventional food enterprises, with a particular emphasis on the ways in which digital ordering systems, customer convenience, and brand interaction influence the consumers' intentions to make purchases. Businesses such as Majestyk Bakery have been forced to implement digital solutions in order to maintain their relevance in the market as a result of the evolution of consumer behavior, which has been driven by urban development, lifestyle adjustments, increased digital awareness, and the impact of the COVID-19 pandemic. According to the findings, a digital ordering platform that is both effective and efficient considerably increases the possibility of clients making a purchase by making the transaction process more straightforward by simplifying it.

Additionally, convenience, which is supported by services that are easily available and systems that are simple to manage, contributes to increased customer satisfaction and encourages individuals to return for additional business. Interaction with the brand also plays a significant impact, with constant engagement through digital channels helping to establish emotional attachments and build consumer trust. This is especially crucial in a market that is culturally conscious, such as Medan. Majestyk Bakery is able to successfully satisfy the demands of modern consumers by combining these three components into a single digital experience.

Digital transformation has emerged as a pivotal force reshaping the food and beverage industry globally, including the bakery sector in Indonesia. This technological revolution encompasses various operational aspects, from supply

chain management to customer experience enhancement through personalized services. For small and medium-sized enterprises like local bakeries, embracing digital platforms has become crucial for gaining competitive advantage and achieving business objectives in the digital age (Anisah Salsabila Nasution et al., 2022). The integration of technology into business processes is no longer merely an option but a necessity for survival and growth in the contemporary market environment.

The evolution of digital platforms has significantly altered how consumers interact with food and beverage businesses. Research by (Hoang & Le Tan, 2023) highlights that digital platforms play a crucial role in business transformation, with factors such as information quality and task-technology fit positively influencing customer satisfaction and continued usage intention. Their study reveals that satisfaction exerts the greatest influence on continued intention to use and positive electronic word-of-mouth (eWOM), with information quality having the most significant impact on satisfaction. Additionally, promotional activities significantly contribute to generating positive eWOM, underscoring the importance of well-designed digital marketing strategies for businesses in the food and beverage sector.

Online food ordering applications have revolutionized how consumers access culinary options. (Lahagu & Lahagu, 2024) identified ease of use, menu variety, and payment systems as key factors influencing user experience with digital food ordering platforms. Their research found that such applications provide convenient access to diverse culinary options, from local to international cuisines, with flexible and secure payment systems. Users particularly appreciate features

like real-time notifications and special alerts, which enhance transparency and customer satisfaction. However, maintaining food quality during delivery remains a challenge, emphasizing the need for continuous innovation in application features to meet evolving customer expectations.

The digital era has fundamentally transformed consumer behavior, a transformation accelerated by the COVID-19 pandemic. According to (Adha, 2022), technological advancements have impacted not only business operations but all aspects of life, significantly altering how consumers make purchasing decisions. Cultural factors necessitate adaptation to technological progress, as online shopping behaviors differ markedly from traditional in-store purchasing patterns. Psychological aspects, particularly perception, motivation, learning, beliefs, and attitudes, have gained greater significance in shaping consumer behavior in the digital age. Mobile devices and digital technology have influenced each stage of the consumer decision-making process, from need recognition and information search to alternative evaluation, purchase, and post-purchase behavior.

Understanding consumer behavior in the digital environment represents a crucial strategy for achieving competitive advantage. (Ardani, 2022) notes that digital marketing, utilizing electronic devices or the internet, provides consumers with opportunities to research products before purchase and access testimonials from other consumers about their experiences. The systematic literature review conducted by Ardani demonstrated that digital marketing has catalyzed the migration of consumer behavior from offline (physical dimension) to online (digital

dimension). This shift necessitates that companies adapt to changing consumer behaviors as a key success factor in sustaining business operations and relevance.

Recent research by (Saputra, 2024) further elucidates the evolution of digital consumer behavior in e-commerce, identifying several influential factors: escalated online buying behaviours, altered purchase interests, mobile device usage, electronic transaction patterns, privacy and security of data apprehensions, and the influence of social, cultural, and emergent technology elements. Contemporary consumers increasingly demand enhanced user experiences, flexible payment options, and robust data security guarantees. Additionally, advanced technologies like artificial intelligence (AI) and partnerships with influencers are pivotal in shaping consumer habits, suggesting important strategic directions for e-commerce businesses seeking to effectively respond to these evolving patterns.

Customer convenience has emerged as a critical determinant of purchasing decisions, particularly in competitive retail environments. Research by (Neneng & Zega, 2024) demonstrates that convenience and service quality significantly influence customer satisfaction, outweighing factors such as price and product availability. Their findings indicate that customers prioritize comfortable shopping experiences and high-quality service over price considerations, highlighting the importance of developing retail strategies focused on enhancing convenience and service excellence. These insights provide valuable guidance for retail management, emphasizing the need to create shopping environments that prioritize customer comfort and service quality to foster satisfaction and loyalty.

While convenience is widely recognized as important, its relationship with online shopping behavior presents a more complex picture. (Aisha & Kurniawati, 2023) analyzed the influence of convenience, trust, and subjective norms on customer satisfaction, mediated by online shopping behavior. Their empirical study revealed significant effects of trust and subjective norms on online shopping behavior, while convenience surprisingly did not demonstrate a positive influence. However, online shopping behavior positively affected customer satisfaction. Their research further indicated that while convenience did not positively affect customer satisfaction when mediated by user behavior, both trust and subjective norms exhibited positive effects on satisfaction through this mediation. These findings suggest that businesses should focus on ensuring product quality and developing tactical programs to enhance online shopping satisfaction, recognizing the nuanced role of convenience in the digital shopping context.

The emotional dimension of digital marketing, particularly in building brand attachment and influencing purchasing decisions, has gained increased attention in consumer psychology studies. According to (Ohara et al., 2025), emotion-based digital advertising demonstrates greater effectiveness compared to advertisements emphasizing only rational product aspects, particularly in fostering emotional connections and customer loyalty. Their research, analyzing case studies from brands like Dove, Coca-Cola, and Gojek, shows that emotional storytelling, compelling visuals, and personalization can enhance consumer interaction and establish long-term brand relationships. However, poorly managed emotion-based marketing strategies risk generating backlash, as exemplified by controversial

campaigns like Pepsi's advertisement featuring Kendall Jenner. These findings underscore the importance of authentic emotional engagement in digital advertising to enhance marketing effectiveness and customer loyalty.

Digital marketing, particularly through social media platforms, has become one of the most effective strategies for influencing consumer behavior in the contemporary era. (Laoli et al., 2022) conducted a survey of 200 consumers who actively use social media platforms such as Instagram, Facebook, and TikTok. Their findings revealed that relevant content and direct interaction between brands and consumers significantly influence purchasing decisions. These insights provide valuable guidance for companies seeking to design more effective marketing strategies in the digital landscape, highlighting the importance of meaningful brand-consumer interactions and content relevance in driving consumer engagement and purchasing behavior.

Majestyk Bakery and Cake Shop, located on Jalan Gatot Subroto in Medan, represents an ideal case study for examining the impact of digital ordering systems, customer convenience, and brand interaction on purchase intention. Founded by Mrs. Farida on July 1, 1976, in Medan, North Sumatra, the business originated from her baking skills and passion. The bakery has expanded significantly since its inception, now operating over 50 outlets across Medan, Greater Jakarta, Cirebon, Surabaya, and Bali. Majestyk specializes in products such as Bika Ambon, Lapis Legit, filled bread, and plain bread, offering quality and variety to meet diverse consumer preferences. The company's commitment to providing delicious, healthy,

and halal products at competitive prices has enabled it to successfully serve various market segments, from high-end to middle and lower-income consumers.

The rapid digital transformation of the food and beverage industry, coupled with evolving consumer behavior in the digital era and the increasing importance of customer convenience and brand interaction, creates a compelling context for studying purchase intention at Majestyk Bakery Gatot Subroto Medan. This research is particularly significant as it addresses the intersection of several important trends in contemporary marketing: the digitalization of traditional businesses, the changing landscape of consumer behavior post-pandemic, and the growing importance of convenience and meaningful brand interactions in driving purchase decisions.

This research seeks to address gaps in existing research by offering empirical insights into how digital ordering systems, customer convenience, and brand interaction specifically impact purchase intention in the bakery industry, an area that has received limited scholarly attention despite its economic significance. While previous research has explored these factors separately or in different industry contexts, comprehensive studies examining their combined effect on purchase intention within the bakery sector remain scarce, particularly in the Indonesian market context.

Moreover, this research contributes to the growing body of knowledge on digital marketing strategies in traditional food businesses, offering practical implications for bakery enterprises seeking to enhance their digital presence and

customer engagement. By focusing on Majestyk Bakery, a well-established brand with significant market presence in Medan, this study provides valuable insights into how traditional bakery businesses can successfully navigate the digital transformation landscape while maintaining their core values and product quality.

The findings of this research will not only benefit Majestyk Bakery in refining its digital marketing strategies and enhancing customer experience but will also provide valuable guidance for other bakery businesses facing similar challenges in the digital era. Furthermore, this study contributes to the broader understanding of how traditional food businesses can effectively leverage digital technologies to respond to changing consumer preferences and behavior, thereby ensuring continued relevance and competitiveness in an increasingly digital marketplace.

In conclusion, this research addresses a critical area at the intersection of digital transformation, consumer behavior, and marketing strategy in the bakery industry. By examining how digital ordering systems, customer convenience, and brand interaction impact purchase intention at Majestyk Bakery Gatot Subroto Medan, this study provides valuable insights for both practitioners and scholars interested in understanding and responding to the evolving dynamics of consumer behavior in the digital age. The findings will contribute to the development of more effective marketing strategies for bakery businesses seeking to thrive in an increasingly competitive and digitalized marketplace.

1.2 Problem Limitation

This research is specifically delimited to examining the relationship between digital ordering systems, customer convenience, brand interaction, and purchase intention at Majestyk Bakery. The study's scope is intentionally confined to the Gatot Subroto branch in Medan, allowing for a focused analysis within a controlled geographical setting where digital transformation initiatives are being implemented. To ensure data validity and relevance, the research participants are strictly limited to customers who have utilized Majestyk Bakery's digital ordering system at least once, as this experience is essential for providing informed perspectives on the digital interface and its impact on their purchasing decisions.

The investigation concentrates exclusively on four key variables: digital ordering systems, customer convenience, brand interaction, and purchase intention, deliberately excluding other potential factors such as product quality, price considerations, or physical store attributes that might influence consumer behavior, but fall outside the digital transformation focus of this study.

This targeted approach enables a more in-depth analysis of how digital engagement specifically affects purchase intention in the bakery industry context, addressing a significant knowledge gap in the existing literature while providing actionable insights for Majestyk Bakery's digital strategy development.

1.3 Problem Formulation

1. How does the digital ordering system affect consumer purchase intention at Majestyk Bakery Gatot Subroto Medan?

2. How does customer convenience affect consumer purchase intention at Majestyk Bakery Gatot Subroto Medan?
3. How does brand interaction affect consumer purchase intention at Majestyk Bakery Gatot Subroto Medan?
4. How does the effect of digital ordering systems, customer convenience, and brand interaction simultaneously affect consumer purchase intention at Majestyk Bakery Gatot Subroto Medan?

1.4 Objective of the Research

1. To analyze the effect of digital ordering systems on consumer purchase intention at Majestyk Bakery Gatot Subroto Medan.
2. To analyze the effect of customer convenience on consumer purchase intention at Majestyk Bakery Gatot Subroto Medan.
3. To analyze the effect of brand interaction on consumer purchase intention at Majestyk Bakery Gatot Subroto Medan.
4. To analyze the effect of digital ordering systems, customer convenience, and brand interaction simultaneously on consumer purchase intention at Majestyk Bakery Gatot Subroto Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

1. Contribution to the development of digital marketing literature and theory, especially in the context of the bakery industry.

2. Enriching knowledge about the relationship between digital ordering systems, customer convenience, and brand interaction on consumer purchase intention.
3. Provide a theoretical basis for future research related to consumer behavior in technology adoption in the food and beverage industry.
4. Development of a conceptual model that combines technology, convenience, and brand interaction in the culinary business.

1.5.2 Practical Benefit

1. For Majestyk Bakery: Provide strategic insights for the development and refinement of digital ordering systems, increased customer convenience, and effective brand interaction strategies.
2. For bakery industry players: Provides practical guidance on the implementation of digital ordering systems and customer convenience strategies.
3. For app/system developers: Provides information on the features that have the most influence on consumer buying interest.
4. For academics: As a reference for further research on digital marketing and consumer behavior in the food & beverage industry.
5. For the community: Provide an understanding of the benefits of digital ordering systems in improving the shopping experience.