

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Research

The culture of hanging out with friends while drinking coffee has become a lifestyle for Indonesian people since a long time ago. People used to do it simply while socializing and drinking coffee in small stalls. This activity is usually done in free time.

However, this culture in the last 5 years has never faded and has increased among young people. The awareness of business players to take advantage of coffee industry that are widely available in Indonesia and the influence of the entertainment industry such as films and books that discuss the theme of hangouts and coffee, make the culture of drinking coffee while hanging out more popular (Cahaya, 2017; Wolff, 2021.).

Over time, people who usually drink coffee and hangout in small stalls have become interested in modern coffee shops. A coffee shop is a place that the mainly focus is to sells coffee. This place has a relaxed and comfortable atmosphere equipped with live music, good service and distinctive interior design. Modern coffee shop comes from America which has the characteristics of fast service. Other than coffee, some modern coffee shops also sell food so they are categorized as informal restaurants (Fauzan, 2021).

The increasing domestic coffee consumption has made the coffee shop business in Indonesia booming in recent years and continues to grow significantly (Widiawati, 2020). In the last three years, the number of coffee shops in major cities in Indonesia in August 2019 reached more than 2,950 outlets, compared to 2016 which was only around 1,000 (Toffin, 2020). However, there is a slight decline in coffee consumption in 2020 by less than one percent due to the pandemic and the Indonesian government continues to impose various levels of social distancing restrictions and reduce the movement of all aspects of people's activities outside the home (Rahmanulloh, 2021).

**Figure 1. 1 Coffee Consumption in Indonesia**



Source : (ICO, 2021)

This figure shows that coffee consumption in Indonesia has increased every year from 2016 to 2021. This data makes it clear that coffee is increasingly favored by people in Indonesia.

The largest generation of Indonesian people is the younger generation (Millennial generation and generation Z) which is 53.81% of the total population of Indonesia who also create a new lifestyle for consuming coffee while hanging out (Widiawati, 2020). Where 40% of these generations allocate spending around IDR 200.000 per month to buy drinks at coffee shops (Toffin, 2020).

This shift in hedonic lifestyle gave rise to a new trend to go to coffee shops among younger people where they want to spend hours hanging out in coffee shops for fun and entertainment. Hedonic lifestyle can be characterized by a sense of pleasure when what is needed can be fulfilled. The sense of pleasure and relief that arises when shopping and socializing in the coffee shop is what motivates people to shop at the coffee shop (Ramadhanti, 2017)

Other than hedonic lifestyle, one of the reasons that make coffee shops interesting to visit is the store atmosphere. Store atmosphere can be defined as an atmosphere created by marketers to provide value of fun, excitement, and satisfaction with the atmosphere created when making a purchase. Aspects of store atmosphere such as exterior, general interior, service, store layout and interior displays that are well designed will make consumers comfortable and more happy to stay in the store (Budiman & Dananjoyo, 2021).

Store atmosphere has an important role in consumer's emotion because it can affect the satisfaction and shopping behavior of consumers who will tend to affect their purchases (Wulandari & Iriani, 2020). Then, store atmosphere can also communicate the identity of the store to customers (Kotler, 2005). A good store atmosphere will attract consumers to visit the store to take photos and upload them on their social media. Through consumer's social media, store identity delivered through store atmosphere can be introduced again widely to the public (Wulandari & Iriani, 2020).

Today, the function of a coffee shop is more than just a place to enjoy a cup of coffee. But it's also a place to spend free time enjoying a new atmosphere outside of a boring work and home environment. A place to gather with friends to hang out, hold business meetings, a place to expand social associations and a place to have fun. This condition can attract consumers to visit coffee shops and encourage the growth of coffee shop business in all regions in Indonesia.

High coffee consumption, interest, hedonic lifestyle and good market conditions in Indonesia provide opportunities for people to do business in this field. The market value of coffee shops in Indonesia is estimated at Rp 4.8 trillion per year (Widiawati, 2020). A good and promising opportunity to open a coffee shop. Including in Bukittinggi City.

The coffee shop industry in Bukittinggi has started to develop since 2015 where the coffee shop at that time was dominated by coffee shops with forest atmosphere, village, natural scenery and vintage. At that time the variety of the menu was still

limited and the process of making coffee at that time was also not as sophisticated as in 2022. Along with the development of the coffee shop industry, until now (November, 10<sup>th</sup> 2021) there are around 51 modern coffee shop in Bukittinggi that uses an espresso machine in the manufacturing process and provide a similar services and coffee menu with more variety with a minimalist design that dominates the store atmosphere of the coffee shop.

One of the modern coffee shops that take advantage in the modern coffee shop industry in Bukittinggi is *Foresthree* coffee. Coffee shop which was established on October 7, 2019 is one of the newcomers to this industry in Bukittinggi (@*Foresthreecoffee.bukittinggi*, 2019). This coffee shop was founded for those who are just starting to try drinking coffee. Therefore, most of the menus offered at *Foresthree* are coffee drinks with a mixture of other ingredients such as milk, cream and syrup or it is called *kopi kreasi* at quite affordable and competitive prices (Nurhidayat, 2018; Coffee, 2018).

Starting from 55 outlets in 2018, this coffee shop which is also a comfortable hangout place with a stylish ambiance now has two of the outlets are located in Bukittinggi City, which is located on Jalan Dr. Abdul Riva'I Guguak Panjang and on Jalan H. Burhan Birugo Tengah Jua (@*Foresthreecoffee.bukittinggi*, 2021)

The interior design and architectural concepts of *Foresthree* Coffee outlets are very diverse in each store. There are outlets that use industrial themes and there are outlets that present natural atmosphere. But the main thing is to prioritize consumer comfort. Most *Foresthree* outlets also add modern and sophisticated visuals aspects and photogenic or instagrammable as the store's attraction. Then the atmosphere in the store is also made as comfortable as possible with music playing in the outlet, the distinctive aroma of coffee, photos of food displayed in attractive and tempting colors, plants on display and wall decorations so that consumers feel comfortable while hanging out in *Foresthree* outlet.

*Foresthree* Coffee as a type of coffee shop is considered as one of the places that represents the lifestyle and social class as an urban community and also makes it an opportunity where people's passion for drinking coffee is increasing. However, some customers visit coffee shops not only to buy coffee or food sold there but also to find happiness, enjoy the atmosphere, learn about trends, get social recognition and other experiences (Arnold & Reynolds, 2003).

People are happy with just shopping even though the items purchased are sometimes not needed or not planned to buy before. This is one of the characteristics of hedonism that has been widely embraced by the community. They compete for shopping in order to give satisfaction to themselves (Syafri & Besra, 2019).

Bukittinggi residents' interest in the lifestyle of hanging out while drinking coffee at the coffee shop, especially at the *Foresthree* outlet, can be seen from the enthusiasm and long queues of consumers every day in the first weeks of the second *Foresthree* outlet (*Foresthree* Coffee and Kitchen x Kalis) since this outlet officially opened on August 28, 2021 (@*Foresthreecoffee.bukittinggi*, 2021). The design of this second outlet building is quite large which is dominated by white color and instagrammable which is very interesting to visit. It is suspected that consumers vented their curiosity about this newly established coffee shop. Then, allegedly because of the right moment with the changing lifestyle of increasingly hedonistic society, the hedonic lifestyle of hanging out while drinking coffee from the residents of Bukittinggi, especially at the *Foresthree* outlet, made the first outlet is declared as the *Foresthree* outlet with the highest sales in Indonesia. (Master, 2020).

Based on the current pandemic condition which is a threat to many businesses, *Foresthree* must be able to continue to survive and provide satisfaction to customers and maintain values that can affect customers' buying decision such as store atmosphere and hedonic lifestyle. Therefore, looking at the various backgrounds and phenomena stated above, the author will raise a study entitled "**The Influence of Store Atmosphere and Hedonic Lifestyle on Purchase Decision in *Foresthree* Coffee Bukittinggi**".

## 1.2 Problem Statements

Based on the background of the research that has been developed, the problem statements to be discussed in this study are as follows:

1. How does store atmosphere affect purchase decision in *Foresthree* Coffee and Kitchen x Kalis?
2. How does hedonic lifestyle affect purchase decision in *Foresthree* Coffee and Kitchen x Kalis?

## 1.3 Objectives of the Research

In accordance with the problems stated in this study, this research has the following objectives:

1. To analyze the influence of store atmosphere on purchase decision in *Foresthree* Coffee and Kitchen x Kalis.
2. To analyze the influence of hedonic lifestyle on purchase decision in *Foresthree* Coffee and Kitchen x Kalis.

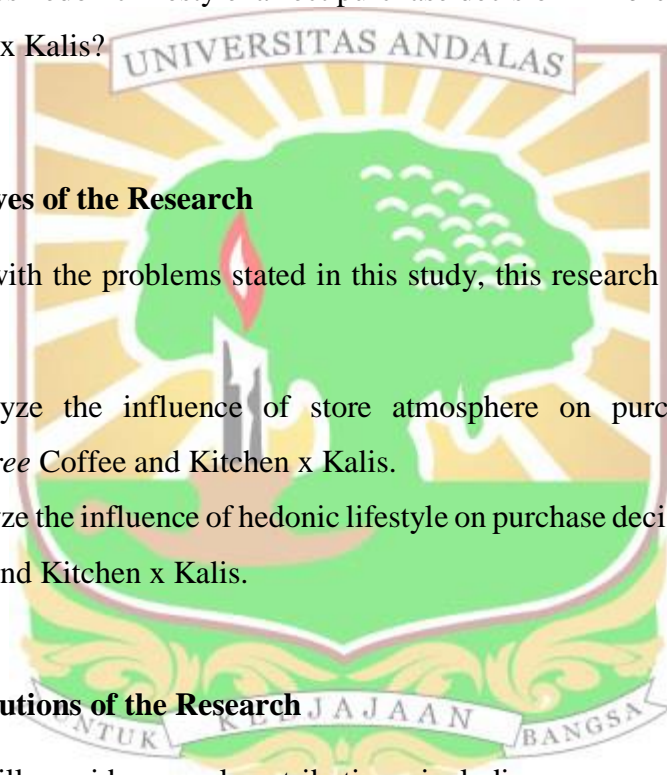
## 1.4 Contributions of the Research

This research will provide several contributions, including:

### 1.4.1 For Readers:

It is hoped that this research will provide insight and knowledge, and the theories in research can be applied to select and buy coffee shop products according to the needs and desires.

### 1.4.2 For Business Parties / *Foresthree* Coffee Team:



The results of the research are expected to be useful and to be considered for *Foresthree* Coffee to determine future policies, especially to see the effect of store atmosphere and hedonic lifestyle on purchase decision in *Foresthree* Coffee Bukittinggi outlets.

#### 1.4.3 For Further Research:

It is hoped that this research can be used as material for consideration or to be developed in the future, and can be used as a reference for similar research.

### 1.5 Scope of the Research

#### 1.5.1 Theoretical Scope

The theoretical scope of this research will be focus on the 3 variables which are store atmosphere, hedonic lifestyle and purchase decision.

#### 1.5.2 Contextual Scope

The contextual scope of this research will be focusing on people who have visited *Foresthree* Bukittinggi outlets and shopped there.

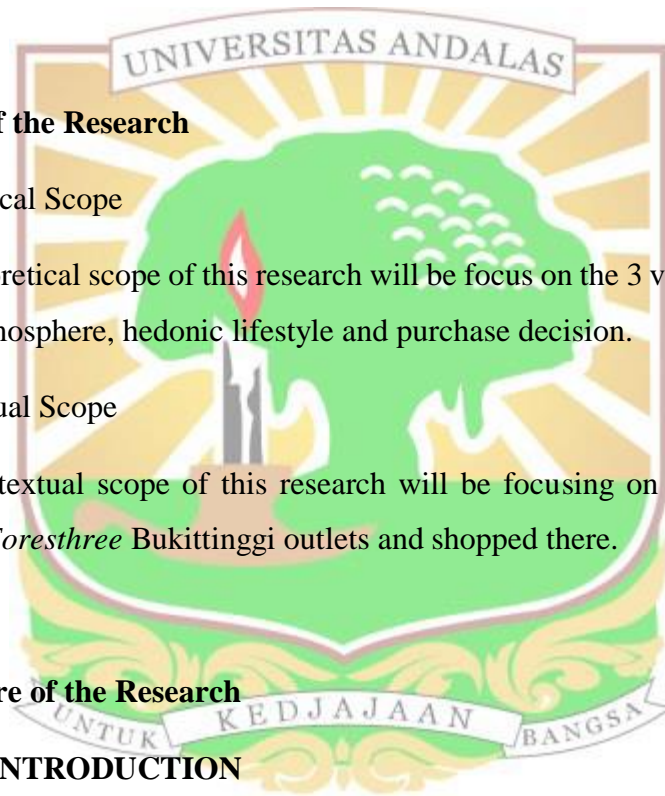
### 1.6 Structure of the Research

#### Chapter I INTRODUCTION

Chapter which contain the background of the research, the problem Statement, the objective of the research, the benefit of the research, the scope of the research, and ended with the structure of writing.

#### Chapter II LITERATURE REVIEW

This Chapter explained about all theories that are related to this research, include definition of store atmosphere, hedonic shopping motivation



and impulsive buying. Also in this chapter will be provided with review of previous study, hypothesis and framework that will become guidelines in data processing.

### **Chapter III RESEARCH METHOD**

This chapter explained about the research design, instrument used in quantitative, population and sample, data collection technique, variables and measurement, and also data analysis method used for testify the hypothesis.

### **Chapter IV ANALYSIS AND DISCUSSION**

This chapter contain about the result analysis of the research, the respondent description and descriptive analysis.

### **Chapter V CONCLUSION**

This chapter contained the conclusion of the research, the implication of the research, the limitation of the research and suggestion

