CHAPTER I

INTRODUCTION

## 1.1 Research Background

What appeals to consumers' preferences are not only just about the food and beverages offered by the coffee shop or cafe, an enjoyable dining environment are also matters. Increasing attention is being paid not only to pricing and the merchandise itself, but also to the provision of a pleasant and possibly exciting, shopRIng atmosphere (Baker, 1986; Baker et al., 1992; Dawson et al., 1990; Sherman et al., 1997; Sherman & Smith, 1986; Tai & Fung, 1997). Further, academic interest in how atmospherics influence consumer behavior has grown following the Kotler's article (1973). There are so many aspects of store environment which generate the concern of customer to choose whether to feel comfortable and evoke their intention to purchase the goods, According to Levy and Weitz (2009), store atmosphere is referred to as the attribute that aims to intensify the store environment with the combination of different cues such as lighting, color, music, and scent.

Many researchers and practitioners have investigated the influence of ambient factors on consumer purchase buying intention and consumer behavior in general (Gilboa an d Rafaeli, 2003). The ambient factors play a significant role in forming customers impression (Bitner, 1992) and are crucial tangible components of the service product that give cues to customers and create a perceptual image in

the minds of customers (Kotler, 1973). The ambient factors are rich in cues which are very influential in communicating the business's image and purpose to its customers (Bitner, 1992). It is therefore important for the Food and Beverages business to appropriately mesh these variables (light, music, scent, and many other) so that they are able to appeal to the target market. When a consumer feels satisfied from the environment of the store, he spends more time in a particular store and buys more because of pleasant environmental stimuli (Bohl, 2012). The environment has a huge impact on the consumers' emotion and satisfaction. The impressive atmosphere of the store enhances the customer satisfaction level and purchase experience (Silva & Giraldi, 2010).

The phenomenon of the increasing amount of coffee shops in Padang, drives researcher to investigate more about how they compete each to another and make them special and stands out. According to tourism administration of Padang, there are significant changes of the increasing amount of café in Padang in the year of 2016 until now. It is also can be seen by our bare eyes that Padang becomes more entertaining year by year with the emersion of plenty good and aesthetics café nowadays. Café and coffee shops business players are in race to become more attractive in offering goods and place to hangout. One of the major and easiest aspect to be seen is their design of store or the different store atmospheres they offered, how the man behind the business put a unique way of lighting, scent, and music in each store to attract the customers that dominated by the youth.

**Tabel 1.1 The growth amount of café in Padang in period of 2014-2016**

| No | Year | Amount |
|----|------|--------|
| 1 | 2014 | 20 |
| 2 | 2015 | 40 |
| 3 | 2016 | 160 |

Source: Tourism Administration of Padang

For example, Rimbun Coffee and brew bar in Jl. Mangunsarkoro no A10. The concept is pretty neat, a Retro Coffee Shop. The interior comes with the touch of vintage and old school scenery. Old stuffs like an old bicycle hanged on the wall, vintage paintings, white-brown tone of colors, wooden furniture, and other vintage themed stuffs complete the scene of a retro coffee shop. The lighting in Rimbun is classified as a spotted light type of lighting, it means only several spot have a bright lighting, such as in the bar, in the upper floor, and some on the paintings and displays. The other area such as outdoor area, kitchen, and some table has a calm-yellowish tone of light to remains calmness and enjoyable drinking coffee experience. For the scent, Rimbun consistent with using the natural scent of Coffee by putting several cups filled with coffee beans around the room. They also put a coffee roasting machine in front of the store next to the main door to release a scent of coffee while it operated. For the music, Rimbun choose indie, jazz, or blues genre in their list, to build a relax nuance and match the concept of retro coffee shop.

**Pictures 1.1 Rimbun Coffee and Brew Bar**



Source: Instagram

Lalito Coffee Bar has different story about concept. Lalito use an industrial nuance for their concept. An epic set of table and chair made out of pipe, wood, and iron collaborate with black painted wall, pipes and wood in almost everywhere. The lighting is rather dark and dimly with yellow tone of light to maintain a calm nuance. Lalito used wood and coffee scent for their store to match the concept. For the music, Lalito play hard on what's popular on music charts. The trending EDM (Electronic Dance Music) or pop music becomes their favorite to be played to attract young people.

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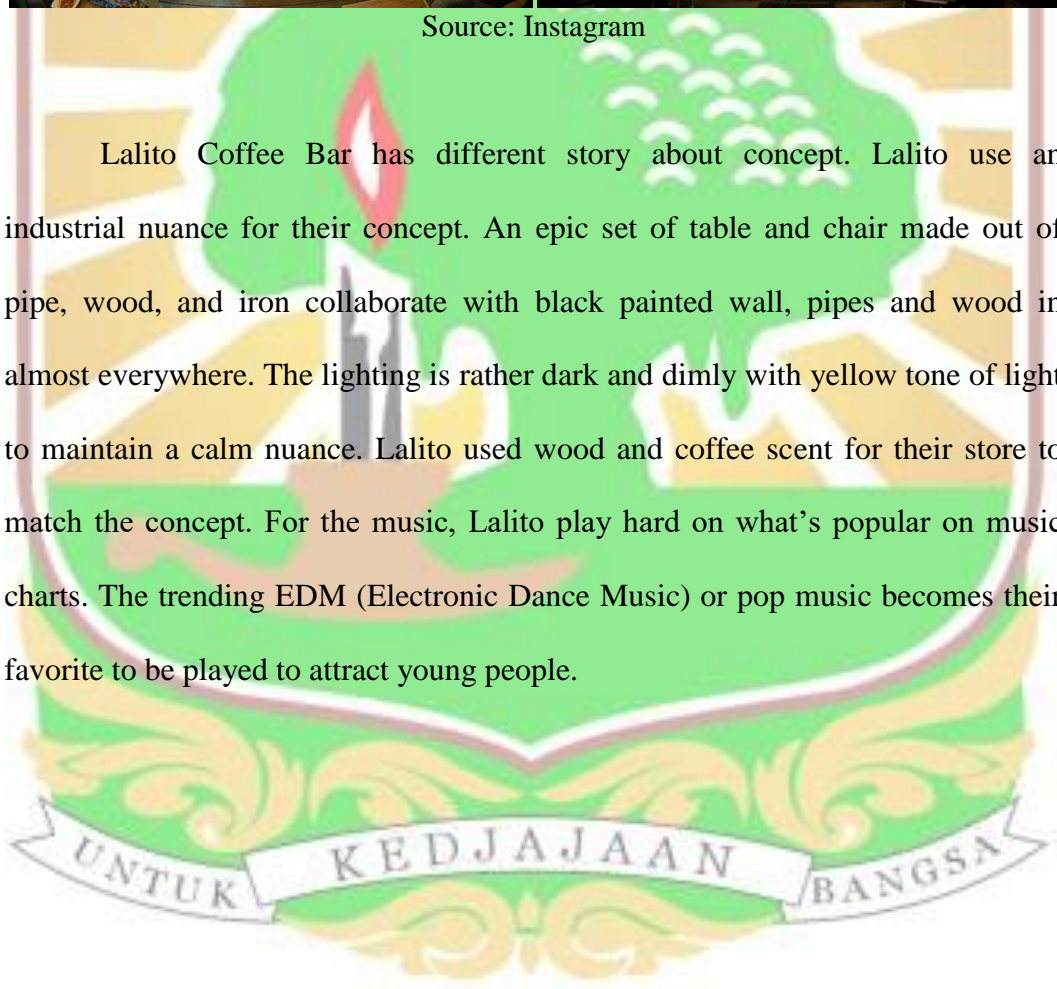
**Pictures 1.2 Lalito Coffee and Bar**



Source: Instagram

Different with Rimbun and Lalito, Coffee Toffee is more to coffee shop that reachable by all type of society. With a bright and white-tone color of light, bright color collection of their walls, a wide open room for everyone to sit and enjoy their coffee, makes Coffee Toffee more suitable for every range of ages. Their music selection also diverse, there is no certain music genre in the list. For the scent, Coffee Toffee use a floral, fruity, or other sweet scent. Coffee Toffee try to maintain a neat, clean, and bright concept for the store.

**Pictures 1.3 Coffee Toffee**



Source: Instagram

Many researchers and practitioners have investigated the influence of ambient factors on consumer repurchase buying intention and consumer behavior in general (Gilboa an d Rafaeli, 2003). The ambient factors play a significant role in forming customers impression (Bitner, 1992). The ambient factors are rich in cues which are very influential in communicating the business's image and purpose to its customers (Bitner, 1992). It is therefore important for the Food and Beverages business to appropriately mesh these variables (light, music, scent, and many other) so that they are able to appeal to the target market. When a consumer feels satisfied from the environment of the store, he spends more time in a particular store and buys more because of pleasant environmental stimuli (Bohl, 2012). The environment has a huge impact on the consumers' emotion and satisfaction. The impressive atmosphere of the store enhances the customer satisfaction level and repurchase experience (Silva & Giraldi, 2010).

**Tabel 1.2 Comparison aspects**

|  | Lighting | Scent | Music |
|---|---|---|---|
| **Rimbun Coffee and Brew Bar** | Collaboration of Spotted bright lighting and dimly lighting | Coffee scent | Indie, Jazz, Blues, Accoustic |
| **Lalito Coffee bar** | Dimly and yellowish light | Wood and coffee scent | EDM and other popular music |
| **Coffee Toffee** | Bright white light | Fruity, flowery, and sweet scent | Random genre |

*Source: Information from manager/owner of the shop*

Researcher noticed that there is relationship between the store atmosphere such as lighting, scent, and music with the customer intention to repurchase the product in the coffee shop and finally choosing Rimbun, Lalito and Coffee Foffee become their favorite place to eat and drink. In Padang, researcher found there is rapid growth of new coffee shop that offer a well-designed store, well-maintained concept and very comfortable ambient. But, we didn't know whether it will give a big impact to customer preferences to choose a place to eat and drink, especially for Padang people.

To win the competition, business player in Padang should creating something different. Store atmosphere could be an alternative to distinguish that coffee shop one with the other. The difference is required of every when alternative must be found to be similar to a product that is a little different price ranges and even the same. Store atmosphere could be more reasons for consumer's interest and choice where they will visit and repurchase. According to Levy and Weitz (2001: 556) "customer purchasing behavior is also influenced by the store atmosphere". Consumers repurchase decision is not only to respond to the goods and services offered, but also provide a response to the repurchase of a fun environment for consumers, so that consumers are choosing other minimarket and make a repurchase.

Interesting and unique atmosphere will provoke and establish the intention & desire of the consumer to make a repurchase. Store atmosphere that comfort will leads to customer satisfaction that can make customers decide a repurchase. Satisfaction will attract customers to come back and make a repeat repurchases.

These repurchase decisions are also important to the consumer because the consumer feels confident in making these decisions since they have previous experience purchasing the product. Store atmosphere is a combination of things which are emotional. According to Mowen and Minor (2002: 139) store atmosphere affect the emotional state of the shopper, who then pushed to increase or reduce spending. The impact of store atmosphere can create the impression that makes the buyer will increase its repurchase or just repurchase enough and probably not intend returning again to repurchase at that place.

The object of this research is Rimbun,Lalito, and Coffee Toffee. Rimbun Coffee & Brew Bar located in jl. Manungsarkoro no. 10A. Lalito Coffee Bar located in   jl. Wolter Mongonsidi no.2A and Coffee Toffee located in jl Jendral Ahmad Yani , Kampong jao, Padang. Those coffee shops are chosen to become this research's object because those are they are 3 most favorite coffee shop in Padang (according to ottencoffe.co.id, and tripadvisor.co.nz). This research been conducted to prove whether the store atmosphere aspect on those three coffee shops will gives impact on customer Repurchase Intention, whether the investment on lighting, music, and scent by the business players are effective and get payed back. This research also becomes part of the phenomenon rapid growth of new coffee shop that offer a well-designed store, well-maintained concept and very comfortable ambient and hopefully can gives several consideration for business maker and player in making decision for their store atmosphere aspect.

## 1.2 Research Question

This study aims to answer the following questions:

1. To what extent store lighting influence customer Repurchase Intention?

2. To what extent store scent influence the customer Repurchase Intention?

3. To what extent store music influence the customer Repurchase Intention?

## 1.3 Research Objectives

Objectives to be achieved in this research are as follows:

1. To describe whether the store lighting will affect the customer Repurchase Intention.

2. To investigate whether the store scent will affect the customer Repurchase Intention

3. To know whether the store music will affect the customer Repurchase Intention

## 1.4 Research Contribution

This research is expected to provide benefits for readers, the benefits composed as follows:

1. Theoretical Contribution

This research contributes to knowledge expansion regarding customer Repurchase Intention towards store atmosphere. It helps academic researcher figure out the relationship between the store lighting, scent and music that could possibly influence and stimulate customer to come to the store and purchase the goods.

2. Practical Contribution

   This research provides information for managers or owner of Rimbun,Lalito, and Coffee Toffee in Padang about the correlation of their store atmosphere to the customer Repurchase Intention. It helps the manager or owner of the business  understand that their decision related to store atmosphere will affect the customer preferences to come and purchase the goods or not

## 1.5 Scope of Research

   In fact, there are many other factors that include store atmosphere for business, such as store color, temperature, noise, smell, Space layout and functionality visualize ways in which aisles, chairs, hallways and walkways, foodservice lines, toilets, and the entrance and exits are designed and organized in service settings. Signs, symbols, and artifacts consist of signage, personal artifacts, decoration, and other physical features that work as signals that connect with users and many others, this study will only take three factors to be observed i.e., store lighting, store scent, store music, and customer Repurchase Intention as the variables of this study. This study want to examine the relationship between the factors of store atmosphere with customer Repurchase Intention, whether those factors significantly affect the customer Repurchase Intention or not. The customer of Rimbun,Lalito,and Coffee Toffee in Padang has been chosen as the respondent for this research.

## 1.6 Outline of Research

Generally, these research analysis are consisting of several chapters systematically as follow:

*Chapter I: Introduction*

This chapter explains about the background of the research, problem statement, and objectives of research, contribution of the research, and scope of research.

*Chapter II: Literature Review*

In this chapter will explain the theoretical basis theories or concepts that underlie the conduct of research that support the objective of the research. *Chapter III: Research Methodology*

Chapter that discussing about the research methodology used in analyzing problem contained research design, population, and sample, data collection methods and the data analysis method.

*Chapter IV: Result and Analysis*

This chapter contained overview of survey responses, analysis data that researcher get and discussion of research finding.

*Chapter V: Conclusion, Implication and Recommendation.*