

CHAPTER I

INTRODUCTION

1.1 Research Background

Nowadays people go to the Cafe not only to enjoy the food and drink but also to appreciate the atmosphere and environment in the store. Another reason is because they want to take a picture for their social media life. According to Hultén (2012) and Krishna (2012) use sensory of cues will be useful in influencing customer emotions and purchase behavior through retail store atmosphere. Sensory of cues is complement vision in store atmosphere, such as scent in store and music. Visual stimuli are the common and dominate in store atmosphere, retailers can complement the atmosphere with auditory, aesthetic, olfactory cues, so as to provide multisensory atmosphere (Ballantine et al., 2015; Foster & Mclelland, 2015; Spence et al., 2014). Store environment cues can be further grouped into three categories: ambient, design, and social (Baker et al., 2002). Ambient cues refer to a store's atmosphere including background music, scent, temperature, etc. Design cues are related to consumers' perceptions of a store's layout, color scheme, facilities, and merchandise displays whereas social cues reflect perceptions' of the behavior and appearance both of the sales staff and other consumers.

Stimulation levels, cognitive associations and overall conduct can be influenced by ambient lighting (Spence et al. 2014). Scent also have important role in atmosphere. Scents can effect emotions and purchase behavior and pleasant scent have shown to improve brand memory, risk-taking, retail variety, curiosity and

consumer attention (Morrin & Ratneshwar, 2000; Orth & Bourrain, 2005). Hearing and listening in retail environments are mainly related to the music context (Jain & Bagdare, 2011). Ambient background sound affects shopping experiences of consumers in daily life and helps them navigate faster to identify objects (Chen & Spence, 2010). According to Banat and Wandebori (2012) color of store also can create feelings and affects the behavior and attitude of consumers.

The cafe which offers unique and new atmosphere and environment that will attract customers to come. Example like giving a special place or spot to the customers who can take picture there and that spot is the identity of the store. Another factor that influences store appearance is the layout. The physical layout of retail store affects the behavior of buyers and affects store performance. The role of store's layout is to show the merchandise to the buyers in order to simplify consideration and ultimately purchasing of exposed product (Mowrey et al., 2018). Dong and Siu (2013) revealed that consumers who desire to escape from reality and fantasize about being in a different world while shopping are affected by ambient as well as design elements of a store such as music, aroma, decor, and layout. The interior layout of a store was also found to be an element that was evaluated as positive by adventure shoppers (Budisantoso et al., 2016). Ambient factors such as music and lighting, as well as design factors like the store's layout were also found to influence the social interaction value of shoppers (Nsairi, 2012).

When visit cafe or meeting in the cafe, we will search for the nearest and easily accessible cafe. If the location has taken time to go, customers will think twice about visiting the cafe or looking for another cafe to visit. According to Rizal

et al (2017) location is one of the situational factors affecting the purchase decision. In the marketing concept there is a term called as a marketing mix or a marketing mix consisting of product, price, promotion and place or business location. There is two type of location unplanned areas and shopping centers. Unplanned retail locations is location that not centralized management to determine where the spesific stores are and how they be operated. There is two types of unplanned retail location are freestanding sites and city or town locations. A shopping center is a group of retail and other commercial properties planned, developed, owned and managed as a single property. The development attracts more consumers to the shopping center by combining many stores at one location than would be the case if the stores were located at separate locations. For a shopping center have six types that is Neighborhood and community shopping centers, power centers, enclosed malls, lifestyle centers, outlet centers and theme or festival centers (Levy, 2012).

This influence of atmosphere and layout make cafe in Padang city more concern about the looks of their store. The increasing of cafe in Padang also followed by improving in atmosphere and environment of the cafe. According to tourism administration of Padang, there are significant changes of the increasing amount of cafe 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 cafe nowadays. Now cafe in Padang city becomes a necessary, people like to meet, discussing and even doing nothing at the cafe.

Tabel 1.1 The Growth Amount of Cafe in Padang in Period of 2014-2016

No	Year	Amount
1	2014	20
2	2015	60
3	2016	160

Source: Tourism Administration of Padang

One of the cafe that exist in Padang is J.Co Donuts and Coffee that located in Basko Grand Mall, second outlet in Sentral Pasar Raya (SPR) Plaza Padang, third outlet in Plaza Andalas..

Tabel 1.2 The Location of J.Co Donuts and Coffee in Padang

No	Location	Address
1	J.Co Donuts and Coffee Basko Grand Mall	Jl. S. Parman No.252, Ulak Karang Utara, Padang Utara, Kota Padang, Sumatera Barat
2	J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza	Sentral Pasar Raya (SPR) Plaza Lantai Dasar, Jalan M. Yamin No. 146, Padang Barat, Kampung Jao, Kp. Jao, Padang Bar., Kota Padang, Sumatera Barat
3	J.Co Donuts and Coffee Plaza Andalas	Jl. Pemuda, Olo, Padang Barat, Kota Padang, Sumatera Barat

The fact that in 2018 J.Co Donuts and Coffee already had three outlets in Padang city means their product are loved and have high demand from buyers. In the beginning J.Co Donuts and Coffee have concept like the picture underneath that concept still use in J.Co Donuts and Coffee in Sentral Pasar Raya (SPR) plaza. The atmosphere is trend and hits at that time. The atmosphere is quite bright with orange

and brown dominate the color of store. The furniture also use brown wood chair and table also with sofa with the same color. The atmosphere very comfortable and also targeted for all generations. The layout that J.CO use is free-from layout which is the layout arrange by J.Co Donuts and Coffee according to the needs of the business. J.Co Donuts and Coffe Sentral Pasar Raya (SPR) plaza located in Sentral Pasar Raya (SPR) Plaza ground floor, Jalan M. Yamin No. 146, Padang Barat categories as shopping centers retail location specifically shopping malls type of location and also located in CBD because a lot of people and employee have daily activity there, a lot of public transportation and have high level of pedestrian traffic. For trade area J.Co Donuts and Coffee Sentral Pasar Raya (Spr) Plaza in primary trading area because driving time to the strore about 10 minutes from the city and alot of customers in live in this area.

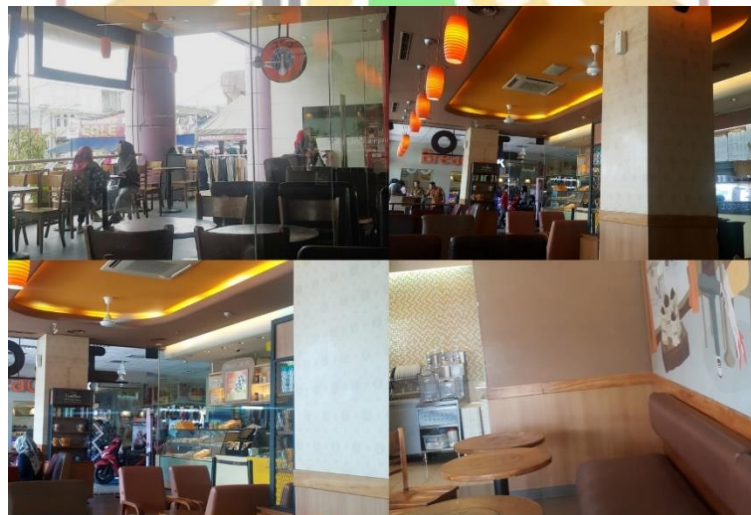


Figure 1.1 J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza
Source: Ria amallia (2018)

J.Co Donuts and Coffee started changing the atmosphere since 2017 and focusing on new outlet for use the new design (Hahijary, 2017). The new store J.Co

Donuts and Coffee at Basko Grand Mall already use the new atmosphere. Which is the atmosphere and concept are trendy, comfortable and friendly. The concept of the new store really suitable for the young age for meeting, hangout or just doing nothing. The store look more dimly lit and color dominant with dark coloured panel and warm white light. The furniture still use wood but the color more dark. The floor to ceiling window provides natural light from the outside. The theme called Industrial theme. The layout that the store used is free-from layout. And the store located in shopping malls in the first floor of mall. And the trade area of the store in secondary trading area because the location is far from the first outlet need 17 minutes from the city center of Padang.

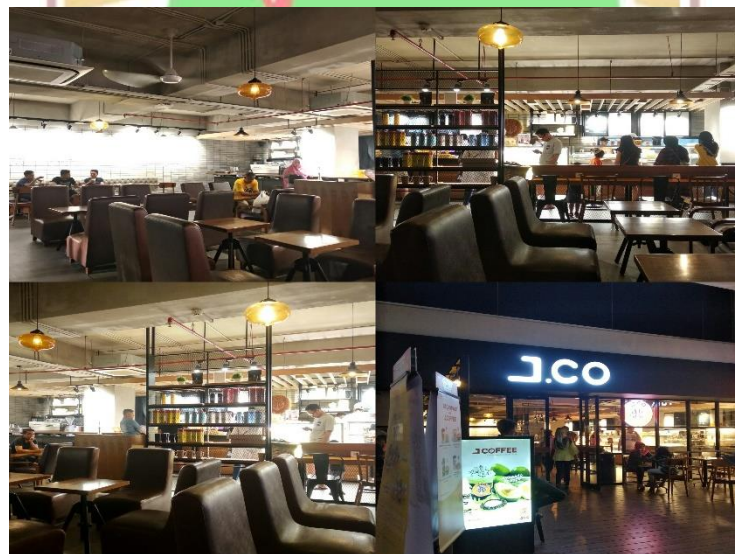


Figure 1.2 J.Co Donuts and Coffee Basko Grand Mall
Source: Ria Amallia (2018)

There are a lot of research about the atmosphere effect on purchase decision. Store atmospheric elements such as color, lighting, scent, music and other atmospheric attributes have always been considered as having immediate effects on buying decision making process (McGoldrick, 2002). The attributes of atmospheric

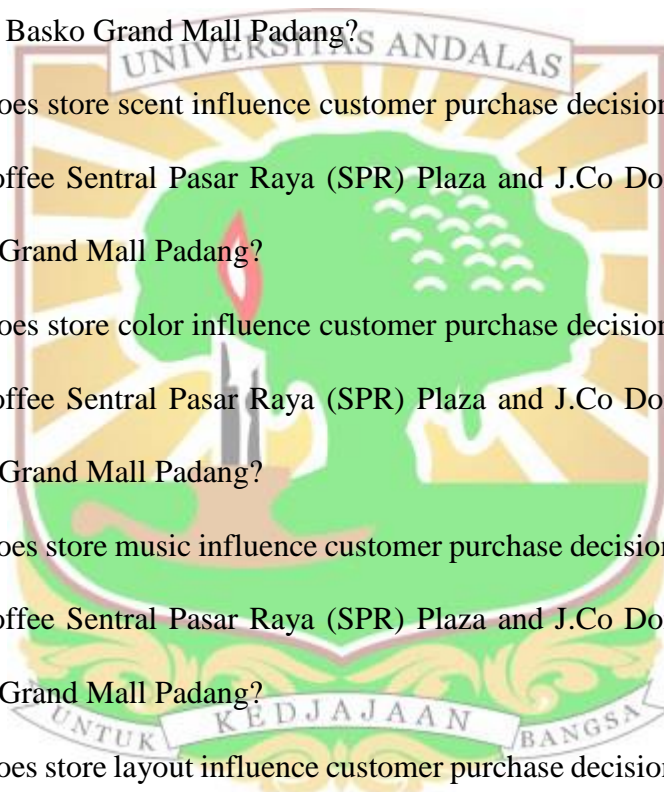
environment focus on several stimuli such as colour, music, scene, layout and space, as they have been considered to be important clues for consumers (Oh et al., 2008). Lee and Jeong (2012) described physical environment as an environment that is shaped through overall layout, colour, design, decoration, surroundings and aesthetics. Particularly, the atmospheric environment in a store includes various stimuli such as ambience, colour, sound, scent, taste, layout and space, which are important clues for buyers. Prior research also established that physical environment enables a service provider to differentiate itself from rivals and influence customer's choice (Mahmood & Khan, 2014). This research is conducted in order to study the influence of store atmosphere, layout and location on purchase decision of J.Co Donuts and Coffee Basko Grand Mall and J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza. The variables of atmosphere are: Lighting, Scent, Color and Music, with two more variable which is Layout and Location. This research can give useful input for the companies. Based on the description of the background that have been outlined above,

Researcher interested in conducting research with the heading **“The Influence of Store Atmosphere, Layout and Location Toward Purchase Decision (Case: J.Co Donuts And Coffee Sentral Pasar Raya (SPR) Plaza and Basko Grand Mall)”**

1.2 Problem Statement

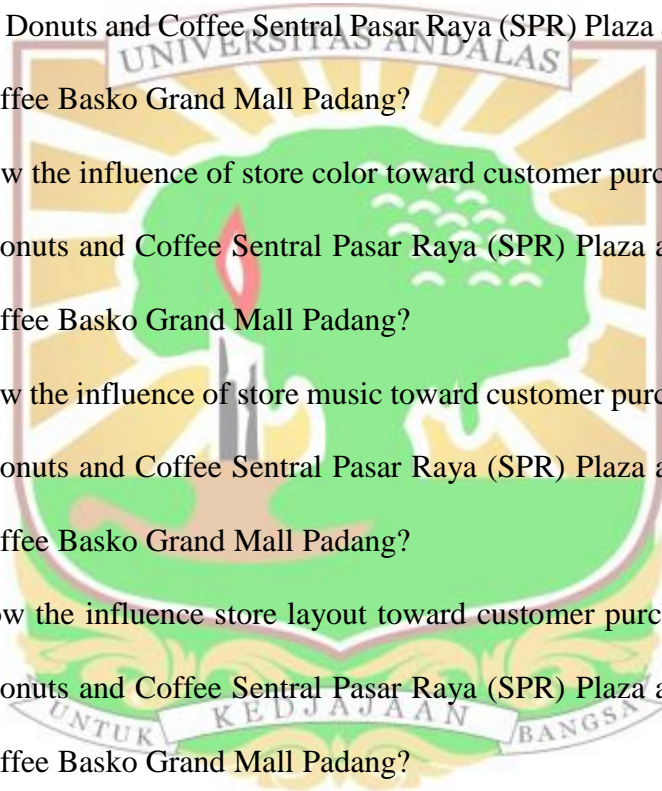
Based on that background of the research the problem statement of this research are:

1. How does store lighting influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
2. How does store scent influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
3. How does store color influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
4. How does store music influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
5. How does store layout influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall?
6. How does store location influence customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall?



1.3 Research Objectives

1. To know the influence store lighting toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
2. To know the influence of store lighting toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
3. To know the influence of store color toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
4. To know the influence of store music toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
5. To know the influence store layout toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?
6. To know the influence of store location toward customer purchase decision in J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall Padang?



1.4 Contribution of The Research

There are several contribution that we can get from this research:

1. For company

This research will help company know the information about customers purchase decision between two different outlet that use different atmosphere of store.

2. For academic contribution

Become one of reference to help student in Andalas University about effect of store atmosphere, layout and location to purchase decision.

1.5 Scope of Research

There is so many factor that includes in atmosphere such as architecture, signs and displays, colors, lighting, temperature, sounds, and smells. But the researcher only take four factors to observed that is lighting, music, scent, color. The researcher also observed about location, layout store and purchase decision of J.Co Donuts and Coffee Sentral Pasar Raya (SPR) Plaza and J.Co Donuts and Coffee Basko Grand Mall in Padang.

1.6 Outline of Research

In order to make easier and make moderate the following of content, researcher divide into five chapter that are:

CHAPTER 1: INTRODUCTION

That contains about background of the research, problem statement, objectives of the research, contribution of the research, Scope of the research and outline of the research.

CHAPTER II: LITERATURE REVIEW

In Literature review chapter, it contains description of theoretical variables that include the theories that support and underlines the variables used in the research and framework.

CHAPTER III: RESEARCH METHOD

This chapter will explain about the methodology that researcher use to discuss about research design, data collection method, population and sample, operational of variables, data processing, data analysis method and data analysis.

CHAPTER IV: RESULT AND ANALYSIS

Explain about the result of analysing the effect of atmosphere to the customers purchase intention J.Co Donuts and Coffee Padang.

CHAPTER V: CLOSING

This is the last chapter of research, it explain about the conclusion, suggestion, limitation of the research and recommendation for the further research.

