

CHAPTER I

INTRODUCTION

1.1. Background

Until I conducted this research, it cannot be denied that coffee has become one of the main commodities on the Indonesian market, with the total volume of coffee export value reaching 437.56 thousand tonnes in 2022 and an increase of 12.99 percent from the previous year 2021 of 387.26 thousand tonnes. (BPS, 2023). Talking about coffee, it cannot be separated from the history of who, where and when coffee was discovered. Coffee has been around as a commodity on the market since it was discovered in Ethiopia in the ninth century by a shepherd who saw his sheep eating some of the small grains around his land and became hyperactive. The land was called Kaffa and became the beginning of coffee becoming known throughout the world.

Coffee became known in Indonesia when it was brought by Dutch colonists in 1696 via Malabar, India to the island of Java and grew in the Kedawung area, Jakarta. Unfortunately, this cultivation failed due to the disaster that occurred at that time. Furthermore, in 1699, the Dutch again imported coffee tree cuttings from Malabar and produced better quality coffee as proven by research results in Amsterdam. The coffee beans that were developed were then spread throughout the archipelago to be used as seeds for coffee plantations in Indonesia (Gumulya & Helmi, 2017).

The phenomenon of Indonesian people consuming coffee (drinking coffee) is experiencing rapid development in line with changes in human lifestyle which is leading to a practical orientation. The trend of caffeine consumption, especially coffee, has developed over time in society. Globally there has been an increase in coffee consumption of 13.3% in the last eight years. Indonesia has experienced an increase in coffee consumption of around 302.57%, where in 1990 coffee consumption was 1,242,000 sacks (per sack containing 60 kg) and in 2021 coffee consumption will increase to 5,000,000 sacks (Br Ginting et al., 2022). Apart from that, based on data from the Indonesian Coffee Exporters Association (AEKI), domestic coffee consumption ranges from 100 thousand to 125 thousand tons per year or 27 percent of the normal national coffee production of 450 thousand tons, while annual exports reach 265 thousand tons. Indonesian people's annual coffee consumption is around 600 grams, which is higher than Indonesia's population of around 200 million people.

The need for practical coffee consumption has made the coffee shop industry grow rapidly. The activity (drinking coffee) has shifted to become a lifestyle so that the coffee shop business becomes a promising opportunity. In the beginning, coffee consumption was limited to personal consumption at home, but developments over time have brought changes in the way of enjoying coffee (drinking coffee) to a more interactive activity, such as meeting clients, filling free time by hanging out with friends, or as a break between activities. Coffee is becoming more popular among people as one of the needs that must be fulfilled every day.

In Indonesia, an industry that has continued to grow in recent years is coffee shops. This has encouraged the emergence of coffee shops in various areas such as

offices, campuses and residential areas. No wonder people from all dimensions of life are interested in getting into the coffee shop business. Regarding this, in the city of Padang there are many cafes with various classes and atmospheres. One of them is Parewa Coffee. Parewa Coffee is the most attractive place, especially for students because of its affordable prices and the large space it provides and there are still many cafes in Padang municipality, especially along Jalan Muhammad Hatta, such as Kopi Dapua, Velocity Cafe, Talk Cafe, Kausa Cafe and so on. Apart from the atmosphere of the cafe, the taste of the coffee served is also a characteristic, because each process of processing the coffee beans determines the taste of a cup of coffee.

In student life, especially in the city of Padang, drinking coffee is quite a popular activity. Some people even think that drinking coffee is a way of life. The coffee phenomenon is a new phenomenon that has been reconstructed, not only with the level of social orientation, aesthetic patterns and distinctive style, but now its function has a special place in the hearts of students. Apart from its affordable price, the aesthetic value of coffee is also an irreplaceable form of entertainment in people's lives, especially students. Apart from that, coffee consumption can provide benefits for the drinker in terms of health. Among them are that it can improve mood, improve concentration, improve physical activity performance, ward off free radicals (antioxidants), reduce weight, etc. (Br Ginting et al., 2022).

The culture of drinking coffee, especially drinking together, does not only exist in several areas in Indonesia where coffee producers are located, such as Aceh, Solok, and various other areas. But it has penetrated almost all areas, especially those that are busy because of their public activities, including the city of Padang, which is busy with students and university students. Drinking coffee is not just a

hobby or pleasure, in it there is an exchange of information and discourse, the development of insight and even cooperation agreements often occur starting from ongoing promises to signing contracts that produce more economic value.

The growth of the coffee shop business in Padang City has resulted in a high level of competition. Based on data from the Padang City Trade Office, there will be at least 92 coffee shops operating in 2022 and this will continue to increase until 2024 (Afifah et al., 2023). This competition forces Coffee Shops to retain consumers and continue to strive to increase their numbers. Understanding customer needs and perceptions is an important thing to do so that consumers do not switch to competitors. Competition in the coffee shop business is increasing, the level of intense competition means that coffee shops must be able to meet the satisfaction perceived by consumers. can maintain or become loyal in the long term and even attract new consumers. Apart from that, Coffee Shops are required to be able to position themselves and carry out their business accurately, healthily and intelligently. beat its competitors.

Coffee drink market players need to know about changes in consumer behavior to be able to predict current and future consumer needs. Analyzing consumer behavior in all its activities means having to pay attention to the factors that influence consumer behavior. There are several factors that influence consumer behavior, namely cultural factors, social factors, personal factors, and finally psychological factors. One of the four factors that will be discussed further is personal factors related to the economic situation. The situation is owned by someone who is related to consumer behavior, especially in consumer satisfaction in choosing a product or service. Decisions made by consumers, in this case

students, can be influenced by budget, price, product preferences, place preferences, social preferences and service preferences.

Research regarding the level of utility or customer satisfaction needs to be carried out, because today's consumers are increasingly less predictable and they are even more critical, more demanding and not easily satisfied, which is a characteristic of consumers in the global era. Through the discussion above, students who consume coffee are shaped by its utility, whether in the form of fulfilling physiological needs, a sense of security, a sense of belonging, self-esteem, or self-actualization which leads to student consumption behavior. This is the basis for researchers to conduct research with the title "**Utility Theory Analysis of Universitas Andalas Students who consume coffee at Parewa Coffee, Padang City**".

1.2. Formulation of the problem

Based on the description and identification of the introduction, researchers are very interested in researching and paying deeper attention to :

1. Is there a relationship between the budget and consumer utility, in this case students at Parewa Coffee Padang City?
2. Is there a relationship between price and consumer utility, in this case students at Parewa Coffee Padang City?
3. Is there a relationship between product preferences and consumer utility, in this case students at Parewa Coffee Padang City?
4. Is there a relationship between place preferences and consumer utility, in this case students at Parewa Coffee Padang City?

5. Is there a relationship between social preferences and consumer utility, in this case students at Parewa Coffee Padang City?
6. Is there a relationship between service preferences and consumer utility, in this case students at Parewa Coffee Padang City?

1.3. Research purposes

Based on the problem formulation above, the objectives of this research are as follows :

1. To find out whether there is a relationship between the budget and consumer utility, in this case students at Parewa Coffee, Padang City
2. To find out whether there is a relationship between price and consumer utility, in this case students at Parewa Coffee, Padang City
3. To find out whether there is a relationship between product preferences and consumer utility, in this case students at Parewa Coffee, Padang City
4. To find out whether there is a relationship between place preferences and consumer utility, in this case students at Parewa Coffee, Padang City
5. To find out whether there is a relationship between social preferences and consumer utility, in this case students at Parewa Coffee, Padang City
6. To find out whether there is a relationship between service preferences and consumer utility, in this case students at Parewa Coffee, Padang City

1.4. Benefits of research

1. Theoretically

The theoretical benefit of this research is that it can increase the author's knowledge about whether or not there is a relationship between Budget,

Price, Product Preference, Place Preference, Social Preference, and Service Preference with consumer utility, in this case students at Parewa Coffee, Padang City, and the results of this research can become a reference for further research using larger samples and different research.

2. Practically

Practitioner benefits from this research are as information material and positive input for the management of the Parewa Coffee coffee shop to increase utility for consumers.

1.5. Research Scope

In this study the author limited the scope of the research. The scope studied is the relationship between budget, price, product preferences, place preferences, social preferences and service preferences with consumer utility, in this case students at Parewa Coffee, Padang City.

1.6. Writing system

In order to focus more on the points that have been proposed, the author arranges a systematic according to the discussion. The research systematics are as follows :

CHAPTER I : Introduction

This chapter explains in general the background, problem formulation, research objectives, research benefits, research scope and research systematics.

CHAPTER II : Literature Review

This chapter contains a discussion of the theoretical understanding of the problem raised, previous research, hypothesis development and the conceptual framework model that is guided in the data processing stages.

CHAPTER III : Research Methods

This chapter discusses research method design, population and samples, types and sources of data, operational definitions and measurement of research variables, as well as data analysis methods used to prove hypotheses.

CHAPTER IV : Results and Discussion

This chapter contains a description of the research object, a description of the respondents along with an index of their answers from the research results found.

CHAPTER V : Closing

This chapter contains conclusions from the results of hypothesis testing and suggestions that may be useful for Parewa Coffee coffee shop management and for further research.

