

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

Because of the advancement of technology, the food and beverage industries have begun to innovate. Flavored drinks are in high demand in Indonesia. According to Rosalina and Dwijayanto (2018), tea products rank first among the 30–40 urban surveys for products sought after for outdoor consumption. Many tea-drink stores are currently profitable because of their ability to present innovations, flavor variants, and creativity in introducing new products, such as bubble tea. Many beverage outlets compete to attract customers, and each outlet has its own way of serving bubble tea, which is popular among many people.

Chatime is a food and beverage company that specializes in tea and bubble-based drinks. The concept of "Chatime" is "Good Tea, Good Time," and this drink is based on the preferences of young people and even parents. Despite the fact that there are many competitors in the bubble tea industry, Chatime never ceases to innovate and maintain its quality. This is demonstrated by the fact that Chatime currently has 274 outlets spread across Indonesia. With the rapid growth of this Chatime outlet, Chatime is one of the retail companies that sells products in the form of bubble tea.

Chatime's menus are divided into six categories: signature milk tea, tea presso, smoothies, tearrific, coffee and latte, and mood refresh. In a retail business that is still relatively new, Chatime has to think of every way to ensure that consumers get a good impression. The right strategy for modern retail outlets is to understand market-oriented marketing, which requires a lot of consumer behavior. According to Sukaatmadja and Cahyana (2017) in Ikhtiar (2020), when consumers decide to buy a product, they will have a distinct impression in their shopping experience when they feel they are in an outlet. Therefore, retail companies try to make a different impression from other competitors by creating a pleasant, exciting atmosphere and making consumers feel comfortable while in the store, so that consumers decide to purchase at an outlet where they can come back again and make repeat purchases at the same place when the shopping atmosphere is pleasant.

Chatime is successful because of the evolving technology. Chatime uses social media in the form of Instagram, Twitter, and Facebook in its marketing strategy. The phenomenon in today's society shows that technological developments influence consumers' ability to communicate. Word of mouth (WOM) accelerated by the internet is known as electronic word of mouth (e-WOM). The occurrence of e-WOM cannot be separated from the consumer's experience of the goods or services that have been consumed. According to Purba (2021), electronic word-of-mouth (e-WOM) is one factor that creates a brand image and purchase decisions. Consumers will decide to purchase from the internet or social media by referring to positive or negative reviews

or comparing other products with other consumer suggestions. Other consumer reviews are external stimuli that can motivate consumers to buy. Positive e-WOM can persuade potential customers and influence consumers' perceptions. The more positive reviews are written on the internet, the more people will believe in the product and make a purchase decision on it.

According to Tachjedi (2018), customer satisfaction is the customer's responsibility to evaluate the difference between initial expectations before purchase and actual performance; the product as perceived after using or consuming the product concerned. Customers see and consider recommendations from other consumers and the information provided before buying a product. According to Kurnia & Suwiknyo (2018), consumers are interested, and selecting products that will be used next will assess how the quality of service is received. So, the level of customer satisfaction can be known.

A study revealed by Oktaviani, Astuti, & Firdiansjah (2019) found that e-WOM and customer satisfaction significantly influence purchasing decisions. Customers are more likely to buy a product and make a purchase decision if the E-WOM and customer service are good. According to Oktaviani, Astuti, & Firdiansjah (2019), this study will re-examine the impact of e-WOM on buying decisions. This study modified a previous study with a purchase decision variable and e-WOM, influencing consumer behavior regarding interest, findings, and customer satisfaction. When the customer reaches

satisfaction, the consumer will buy the product. According to Purba (2021), a study found that consumer satisfaction helps companies find out what consumers want so that they will get satisfaction and make repeat purchases, which will benefit producers. The higher the quality of service, the higher the customer satisfaction and they will make a purchase decision.

In this study, researchers focused on the influence of electronic word of mouth and customer satisfaction on purchase decisions at Chatime outlets. Electronic word of mouth has an advantage over traditional word of mouth marketing due to lower costs, greater flexibility, and faster information dissemination. The opinions of other customers will have a significant impact on a customer's decision to purchase this product. These comments are usually far more credible and acceptable to interested parties than company advertisements. The speed of service and the quality of the product will have a big effect on how satisfied customers are.

The popularity of Chatime in Indonesia is now increasing along with the occurrence of electronic word of mouth on various types of existing social media accounts. It is not uncommon to find many consumers who are willing to queue for hours to be able to taste Chatime. This variable was added because the goal of this study was to determine "The Influence of e-WOM and Customer Satisfaction on Buying Decisions for Chatime Products," which is one of Indonesia's largest bubble stores.

## **1.2 Problem Identification**

Based on the background of this research, the effect of e-WOM and Customer Satisfaction on purchasing decisions can be identified due through these questions:

1. Does electronic Word of Mouth (e-WOM) influence towards purchase decisions?
2. Does customer satisfaction influence towards purchase decisions?

## **1.3 Research Scope**

The author makes the scope of research so that later this research does not deviate from the objectives to be achieved. The scope of the study made can be described as follows:

1. The researcher only discusses several factors that may influence consumers' intentions to share the electronic word of mouth (e-WOM) Chatime on Instagram.
2. Respondents used in this study have criteria for having an Instagram account and have already accessed the Instagram account Chatime.

## **1.4 Research Objectives**

Based on the research questions above, the objectives of this research include:

1. To analyze the influence of electronic word of mouth (e-WOM) on purchase decisions.
2. To analyze the influence of customer satisfaction on purchase decisions.

## **1.5 Research Benefits**

### **1. For the Company**

This research will help the company to identify and understand the influence of electronic word of mouth and customer satisfaction on purchasing decisions.

Therefore, the author hopes that the company can formulate the appropriate method to improve the marketing products.

### **2. For Author**

This study will add to the knowledge and experience of the author in researching, especially those related to the Marketing field that the author has studied at the University of Atma Jaya Yogyakarta.

### **3. For Other Parties**

It is hoped that other parties can use this research to increase their knowledge or as a reference for conducting similar research.