

The Importance of Decision Making of Customers Through Store Atmosphere for the New Coffee Outlet in Jakarta, Indonesia

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ABSTRACT

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Introduction: The upscaling of coffee in Indonesia is increasing over time, many people now make coffee their lifestyle. Coffee as a lifestyle can also be assessed from several aspects such as product quality, store atmosphere and how well known the coffee brand is.

Objectives: This research was conducted to determine the effect of Brand Recognition and Store Atmosphere on buying coffee decisions at Kenangan Heritage in Jakarta Indonesia.

Methods: This study used a quantitative approach and the sample used in this study totaled 102 respondents who were collected using a purposive sampling technique with the criteria of having purchased or known the Kenangan Heritage brand. Research data processing using SmartPLS 3.0 from 102 respondents.

Results: The research results show that Brand Recognition has no effect on purchasing decisions. On the other hand, store atmosphere has an effect on purchasing decisions.

Conclusions: These results support the buying decision of Kenangan Heritage which is very important for the management of this outlet

Keywords: brand recognition, store atmosphere, buying decision, heritage

INTRODUCTION

Indonesia is one of the world's leading coffee producers, which means that coffee holds a special place in the daily lives of many Indonesians. As a result, coffee shops have become a popular choice for people looking to enjoy their coffee, creating fierce competition among coffee businesses within the country. What we're currently witnessing is a shift in coffee-drinking culture. Traditionally, coffee was consumed primarily for its practical benefit of relieving fatigue, particularly in small to medium-sized enterprises. However, today coffee has become more of a lifestyle choice, with people opting for coffee not only for its functional purposes but also for the experience it provides. This shift has led to the emergence of upscale coffee shops that focus on creating a unique atmosphere and ambiance, making it a comfortable space for customers to relax, work, or socialize.

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Upscale coffee shops in Indonesia, such as Starbucks, J'Co, and Djournal Coffee, are prime examples of this trend. Recognizing the growing potential of the upscale market, many entrepreneurs have begun developing their coffee shops with a focus on comfort and luxury. One such example is Kopi Kenangan, which initially gained success by catering to the small-medium enterprise market. Seeing the growing demand for high-end coffee experiences, Kopi Kenangan decided to enter this upscale market by launching a new coffee shop concept called Kenangan Heritage, which offers a more elegant and heritage-inspired ambiance.

When it comes to the recognition of heritage coffee shop brands in Indonesia, Starbucks is likely the first name that comes to mind due to its widespread presence, with branches in malls and popular locations across the country. To compete with established brands like Starbucks, J'Co, and Djournal Coffee, Kopi Kenangan leveraged its upscaled concept, Kenangan Heritage, and opened its first outlet at one of Jakarta's leading malls, Senayan City. With this move, Kopi Kenangan aims to carve out a space in the premium coffee market, positioning itself as a strong contender against other high-end coffee brands.

Researchers have conducted a pre-survey to find out what factors will influence purchasing decisions at Kenangan Heritage. Researchers conducted a survey of 20 coffee connoisseur respondents with the concept of heritage. From these results, it was obtained that 75% of respondents did not know the Kenangan Heritage brand name, so they did not make a purchase decision. Then the researcher also asked questions about the Store Atmosphere owned by Kenangan Heritage and most people agreed that Kenangan Heritage had a premium coffee shop concept that was different from its predecessor, namely Kopi Kenangan. From the results obtained, it can be seen that there are still many people who are not aware of the Kenangan Heritage brand, but after the researchers provided pictures of the Kenangan Heritage outlet, most of the respondents became interested in visiting the outlet because of the store atmosphere owned by this Kenangan Heritage. **This becomes the researcher's question How influential is Brand Recognition and Store Atmosphere in increasing purchasing decisions.**

Some researchers argue that store atmosphere has a significant influence on purchasing decisions, while others believe it has no effect, creating a gap in the significance levels of these findings. Store atmosphere itself is influenced by several dimensions, such as the exterior and general interior design of the store (Basu et al., 2022). These elements play a key role in shaping the overall customer experience and can impact the decision-making process. In addition to store atmosphere, purchasing decisions are also influenced by brand recognition, which includes dimensions like the ability to quickly recognize a brand and the feedback consumers receive before making a purchase. In the case of heritage brands, brand recognition becomes even more critical, as it helps create a connection with customers through nostalgia and familiarity. As such, brand recognition plays a pivotal role in influencing purchasing decisions, particularly when it comes to heritage-themed products or experiences that evoke memories and emotions tied to the brand's identity.

From the data in the field, the phenomenon of the gap, and the research gap, the researchers formulate research problems and questions, namely 1) How much does Brand Recognition affect purchasing decisions. 2) How much does the Store Atmosphere affect purchasing decisions. So the aims of this study are 1) To find out and analyze the effect of Brand Recognition on purchasing decisions on Heritage Memories. 2) To find out and analyze the influence of the Store Atmosphere on purchasing decisions at Memories Heritage.

LITERATURE REVIEW

Purchase Decision

Purchase decision as a choice of action from two or more alternative choices. In other words, alternative choices must be available to someone when making a decision. Purchasing decisions are also a concept in purchasing behavior where consumers decide to act or do something and in this case make purchases of a particular product or service (Tannady et al., 2022). If someone has a choice between making a purchase or not making a purchase, that person is in a position to make a decision (Evanita & Trinanda, 2019). The purchase decision is the critical moment in the consumer decision-making process when an individual makes the final choice to buy a product or service, following a series of evaluations based on factors such as price, quality, features, and brand reputation. It reflects the culmination of the consumer's journey, where they weigh competing options and ultimately decide to take action. From a marketing standpoint, this decision offers valuable insights into the effectiveness of a company's strategies in influencing consumer perceptions and behaviors. When a consumer reaches this stage, it signifies that they have moved past earlier stages of awareness and consideration, concluding that the product or service aligns with their

needs and desires. The decision is shaped by both internal preferences and external influences, and it underscores the importance of delivering a compelling value proposition to drive purchasing actions.

Brand Recognition

Brand recognition is the customer's ability to recognize and differentiate a brand when making contact with the product. For example, when viewing and taking a product, the customer can state what the name of the product or product category is. Brand recognition according to (Andriani & Meliana, 2022) is a minimum level of brand awareness, brand recognition from customers, product recognition and brand recall through product assistance. Brand Recognition is the ability of consumers to easily recognize products from their name, logo or slogan. In this case, it means that people already have an introduction to the product, usually this can happen, maybe from that person's knowledge of the brand from visuals or advertisements, having purchased a product, or been told by a colleague. In Brand Recognition, there are also 2 dimensions, namely Quickly Recognize and Feedback Before Buy. Based on this description, the hypothesis can be formulated as follows:

H1: Brand Recognition has an effect on Purchasing Decisions

Store Atmosphere

Store Atmosphere is the physical characteristics and surrounding influences of a retail store, which are used to create an organized image to attract customers (Ramsey & Ramsey, 2013). According to Basu (2022) Store Atmosphere is the effort invested in creating a desirable buying environment to induce a certain emotional response in consumers and ultimately, increase their purchase probability. According to Dhisasmito (2020) "Store atmosphere that could create a chance to affect customer behavior should be carefully planned and controlled. Miswanto and Angelia (2017) examine the store atmosphere as a tool to add the store's value, create a customer's positive impression and additional value, since it can be a factor affecting the customer's consideration before going to the shop. The pleasant atmosphere will also affect the level of customer satisfaction." Store Atmosphere is a store atmosphere that is very influential for a store to make customers feel at home and comfortable choosing the type of product to buy. In determining the Store Atmosphere, the most important element is to discuss the 5 major categories, namely general interior, layout and design variables, point of purchase and decoration variables, and human variables. Based on this description, the hypothesis can be formulated as follows:

H2: Store Atmosphere has an effect on Purchasing Decisions

METHODS

In this study the approach method used is quantitative. The number of respondents obtained was 102 respondents. Some of the purposive sampling techniques used by the researchers provide some specific criteria, namely the respondent has bought or tried Kenangan Heritage in Senayan city and lives in Jakarta. Data processing used by researchers is Structural Equation Modeling (SEM) Smart PLS Software. The following is a conceptual research model:

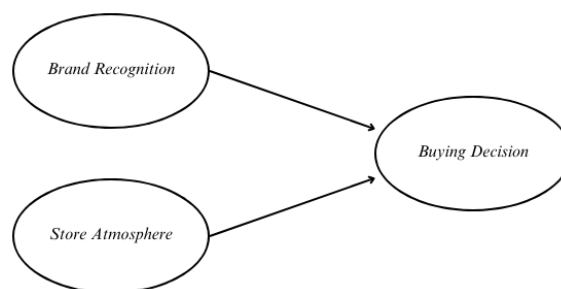


Figure 1. Research Framework

RESULTS

The test results show that there is no influence between Brand Recognition on Purchasing Decisions. The results of testing hypothesis 1 obtained from the results of data analysis statistical t value of 0.574 with a coefficient value of 0.081. It can be seen that the P value is $0.566 > 0.05$, so it can be stated that hypothesis 1 is rejected, which means that brand recognition has no positive and significant effect on consumer purchasing decisions at Kenangan Heritage Senayan City. Recognition is a person's ability to recognize a product, this can include product recognition capabilities

for logos, brands, slogans or characteristics of the brand. Brand Recognition itself is a way to help businesses to be recognized by the wider community, but Brand Recognition in the results of this study has not been able to influence consumers in deciding to buy the products offered by Kenangan Heritage. This is because of 2 dimensions with a total of 9 indicators seen from the value of the indicator with the statement "I know Kenangan Heritage because it always promotes its products" and indicator with the statement "I know Kenangan Heritage because the prices are competitive" which has the greatest influence makes the variable unaffected. This is also in line with the literature research that the researchers got from the results of previous research by (Amelfdi & Ardyan, 2021) where brand recognition through brand awareness had an effect but not significant because in the research the age of the respondents who were still too young liked new things so they didn't overly concerned with the recognition of a product. Based on this, the researcher draws several reasons why the brand recognition variable has no influence on purchasing decisions, including brand recognition variables that are still not achieved by brands because the brand itself is still a new product that has just appeared in society, the target respondents are the majority aged 20-24 years may not really care about the questions given in the questionnaire concerning brand recognition questions.

The test results show that there is a positive influence between Store Atmosphere on Purchasing Decisions. The results of testing hypothesis 2 showed that the results of data analysis showed a statistical t value of 7.221 with a coefficient value of 0.748. It can be seen that the P value is $0.000 < 0.05$, so it can be stated that hypothesis 2 is accepted, which means that the store atmosphere variable has a positive and significant effect on purchasing decisions. "Music belonging to Memories Heritage sounds clear and unobtrusive" and indicator with the statement "The lighting owned by Memories Heritage is bright enough." This is also in line with research (An'nisa, 2016) which reveals that store atmosphere must maintain elements that are considered good by consumers, such as having unique values, equipment that is arranged neatly and according to the theme of the room, which of course will attract the attention of consumers to decide make purchases at the store. Store atmosphere has also been studied by (Winarsih et al., 2022) who concluded that where there is a good store atmosphere by offering design and convenience concepts, it will attract visitors to make purchases at the store. Apart from convenience, the influence of the store atmosphere is directly proportional to consumer purchasing decisions based on research conducted by (Nurjaya et al., 2020).

DISCUSSION

Based on the conclusions received in this study, the researchers suggest several suggestions that can be implemented and are expected to be useful for the business continuity of Kenangan Heritage in Senayan City as the object of research. The suggestions made are made based on the average of the highest and lowest indicators of each dimension.

In the brand recognition variable, which plays a significant role in shaping purchasing decisions, there are two dimensions and nine indicators that collectively influence consumer behavior. The "quickly recognize" dimension includes a variety of indicators, and the highest score was found in the statement, "I know Kenangan Heritage because it offers a premium atmosphere," which suggests that the premium store atmosphere is a key factor in how consumers recognize and associate the brand. Based on this, researchers recommend that Kenangan Heritage continue to enhance and focus on creating a premium atmosphere, as consumers often seek an elevated and sophisticated experience when entering such establishments, which aligns with the brand's positioning. On the other hand, the lowest score in the "quickly recognize" dimension was found in the statement, "I know Kenangan Heritage because of the slogan it has." This result indicates that while the slogan may not have the strongest recognition, it is still a crucial part of the brand's identity. As a result, researchers advise that Kenangan Heritage maintain its slogan, as it continues to play a role in brand recognition and serves as a potential tool for differentiating the brand from competitors. In the "feedback before buy" dimension, which examines the impact of pre-purchase engagement on recognition, the highest indicator was the statement, "I know Kenangan Heritage because they always promote their products." This demonstrates that consistent and widespread product promotion across various platforms has a significant influence on consumer awareness. Researchers recommend that businesses continue promoting their products through diverse media channels, including social media, retail promotions, and in-app advertisements, as this not only attracts new customers but also helps retain those who have previously made purchases, keeping the brand top-of-mind. However, the lowest score in this dimension was associated with the statement, "I know Kenangan Heritage because it has good reviews online." This finding underscores the importance of online reputation in consumer decision-making. Researchers suggest that Kenangan Heritage should prioritize maintaining and improving its online reviews, as a negative online image can seriously harm the brand's credibility and dissuade

potential customers from making a purchase. In contrast, positive reviews and a strong online presence can help build consumer trust, boost confidence in the brand, and ultimately influence purchasing decisions. Therefore, it is crucial for Kenangan Heritage to not only continue engaging in active promotion but also ensure that its online reputation remains strong, as both factors together contribute to increased consumer loyalty and a higher likelihood of purchase.

In the Store Atmosphere variable, there are 2 dimensions with 7 indicators that shape purchasing decisions. Based on the results of the respondents who have obtained from the Exterior dimension, there is only 1 indicator that has and forms a dimension, namely the statement "The menu board owned by Kenangan Heritage outside makes it easy for me to see the menu it has." This means that consumers are satisfied with the board owned by Kenangan Heritage, but apart from that, Kenangan Heritage still has to pay attention to the store atmosphere that they have outside of the menu board. The exterior is also one of the crucial points for consumers to decide to make a purchase because it can be said that the exterior is the first thing consumers see before entering a store. Then on the General Interior dimension, there is an indicator with the highest score, namely the statement "I can smell Indonesian coffee when I enter Kenangan Heritage." This can be interpreted as consumers feel comfortable and are not bothered by the aroma that Kenangan Heritage has, this is enough to guarantee consumers to linger in the store and make purchases because they feel comfortable so that consumers become more loyal and decide to make purchases at Kenangan Heritage. Then for the lowest indicator in general interior dimensions there is the statement "I am comfortable in Kenangan Heritage because the air temperature is not too cold and not too hot." This shows that consumers still feel that the air temperature is unstable when they are in the store, it could be that the air temperature is too cold or too hot. It should be noted that Kenangan Heritage is an outlet located in the Senayan City mall, where the air temperature in a mall of course it's already cold so this can be a suggestion for management to keep the air temperature in the store the same and not mix from the mall, this can be tricked by using lighting that gives hotter air to offset the existing cold.

In the Purchasing Decision variable there are 2 dimensions with 7 indicators that make up the research. On the currently doubtful dimension, the indicator with the highest score is the statement "I don't hesitate to buy because the equipment looks very professional". Where this proves that consumers really believe in the quality offered by Kenangan Heritage because they see that the equipment they use is very professional so they don't hesitate to make a purchasing decision at the store. Then for the indicator with the lowest value in the currently doubtful dimension there is the statement "I have no doubts about buying because Memories Heritage facilitates a complete payment instrument." Which means the researcher catches that consumers still cannot feel the payment facilities provided by Kenangan Heritage. Then in the comment influence dimension the indicator with the highest score is the statement "I bought Memories Heritage because of good reviews from friends." From this, the researchers concluded that the marketing technique carried out by Kenangan Heritage using a word of mouth strategy ran smoothly because many consumers bought based on recommendations from their acquaintances or relatives. Then in the comment influence dimension, the lowest indicator is found in the statement "I bought Memories Heritage because it has good reviews in online media." From this it can be concluded that online reviews are still not well optimized because many consumers do not conduct online reviews.

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