

# CHAPTER I

## INTRODUCTION

### **1.1. Background Information**

In the 21st century, with a lot of digital technology advancing and transportation that develops rapidly everyday, it is making the aspects of human life easier and yet the needs get more complex and varied. One of the biggest impact of the changing era is the in Tourism Industry that also expanding globally and internationally especially in the hotel business, restaurant, franchising business, etc.

Like it was summarized before by Sedarlah (2002), WTO survey report states that the international tourism industry as one of the largest foreign exchange earners in the world and which is one of the important factors in the balance of payments in many countries. In 1996 the tourism industry achieved a profit of 423 billion US dollars and had outperformed the kerosene, vehicles, telecommunications equipment, textiles and others.

In Indonesia, the development of the tourism industry has been very advanced. Globalization has a big impact on the tourism business sector, especially in the hotel and restaurant industry. Bank Indonesia claims the tourism sector is the most effective area to increase state revenue. This is because the diversity of nature and culture in Indonesia has made the development of the tourism business easy to run. With the advancement of the tourism industry, the government is also targeting foreign tourists who enter Indonesia is estimated to reach the target of 20 million in 2019, an increase from last year which amounted to approximately 16 million foreign tourists. Bank Indonesia and the Indonesian government predict to be able to increase foreign exchange by 20 billion US dollars or equivalent to Rp 2.8 trillion. This target is greater than 3 billion US dollars compared to last year's acquisition of 17 billion US dollars or equivalent to Rp 2.3 trillion. (Gewati, 2019).

According to the Minister of Tourism Arief Yahya, the world of global tourism has developed very rapidly, now better known as Tourism 4.0 which is a tourism industry with digital advancements in which millennial tourists have occupied nearly 50% of the total tourists who enter Indonesia. Arief stated that the development of tourism trend 4.0 was marked by the existence of more independent and individual tourist behavior. Consumer behavior is greatly influenced by the presence of digital technology. (Puspita, 2019)

The rapid advancement of digital technology that has an effect on the Indonesian tourism industry has a good impact on the hotel, restaurant, catering and other food and beverage franchise industries. In the hotel industry itself, explained by Petriella (2018), Indonesia in 2019 is estimated to need to increase the number of hotel rooms by 50,000 units to accommodate foreign tourists entering Indonesia. Hariyadi B. Sukamdani as Chair of the Indonesian Hotel and Restaurant Association (PHRI) said the number of hotel rooms in Indonesia currently amounts to more than 600,000 rooms. He projects the addition of 50,000 rooms, most of which are in Jakarta and Bali.

The projected increase in the number of rooms in Indonesia has a positive impact on the progress of the hotel industry in Indonesia. This also has an impact on the food and beverage franchise industry which is coming up. In this industry, competition does not only come from national businesses, but the development of foreign food and beverage products is enough to make competition more dynamic.

In 2018, franchise sales growth in Indonesia will reach 5% - 6% which will be able to print 7.5 trillion transactions. Whereas, in 2017, it only reached 7 trillion. This shows the growth rate of the number of franchises in Indonesia. The franchise business in the culinary sector is in great demand every year due to its vast business market, the investment value offered is diverse and its market segmentation is also large. In addition, the capital's that needed to establish a culinary franchise business is also affordable, compared to other sectors. (Joana, 2019).

On the same topic, regarding the franchise businesses, currently the phenomenon of the development of fusion drinks or fusion drinks franchises such as boba drinks, milk tea, coffee drinks, brown sugar milk, etc. are very popular with the current millennial generation in Indonesia. Tea-based Fusion Drink was first introduced by Liu Han-Chieh, a tea shop owner from Taiwan. Taiwan is famous for its good quality tea and boba, which is a tapioca-based dessert. Then by the Taiwanese, they began mixing their tea drinks with boba. Now there are more than 45 boba brands originating from Taiwan, and more than thousands of franchise stores that sell this fusion drink. The three most well-known brands that have entered Jakarta are Tiger Sugar, The KOI, and Chatime. (Sulaiman, 2019)

Chatime is a franchise product that was founded in Taiwan in 2005. Which in the process uses special technology to brew tea in each glass with the right proportion, time and temperature. At present Chatime operates at least 1,002 stores in 26 countries. In 2006, Chatime started its first store outside Taiwan, accurately in California, United States. Until 2013 Chatime was spread in more than 25 countries, including Indonesia, which was then entered in 2014. The main beverage that is typical of Chatime is a tea-based. The tea is then mixed with various garnishes such as pearl/boba, aloe vera, pudding, jelly, etc. In Indonesia, Chatime is operated by the Kawan Lama Sejahtera Group. At least 230 Chatime shops in Indonesia have been running until 2020.

In the Chatime marketing process, a strategic set of marketing tools is known as a Marketing Mix, which consists of 7P (Product, Price, Promotion, Place, People, Process, and Physical Evidence) to attract consumers and seek profits. Briefly explained Marketing Mix is a marketing activity that is integrated and mutually supporting one another, M. Fuad, (2006).

The management team do the promotions in terms of price to the quality of their products to attract consumers. Interestingly, promotion is very influential in increasing consumer curiosity about purchasing decisions.

Business people use this Marketing Mix as a technique to get the maximum profit. This triggers many of the same franchises, especially in this industry which can lead to increasingly fierce competition in increasing sales. With a unique and interesting promotion, consumers then try to compare prices of all similar products. Then, the buyer tries to understand the quality of the product offered. If producers can adjust the needs of consumers then the product can compete. This is an encouragement for writers to examine how much influence the marketing mix has on purchasing decisions.

In this case, the reviewer intends to raise research material on "Analysis of the Influence of Marketing Mix on Purchasing Decisions at Chatime Mall Central Park West Jakarta Outlet". And in determining the influence of the Marketing Mix on Purchasing Decisions in Outlet Chatime, observations and interviews with consumer chatime will be conducted at the Chatime Outlet specifically in the Central Park Mall area of West Jakarta. By doing this research it is expected to get valid and pure results which will be carried out by the researcher herself.

## **1.2. Problem Identification**

Judging from the existing framework motifs, we can summarize the recognition of existing cases, namely:

1. The growth of the Food and Beverages franchise business in the form of Fusion Drink in Indonesia is increasing rapidly.
2. The fierce Fusion Drink business competition with many other franchise brands is starting to grow.
3. There is a variety of factors that influence the Purchasing Decision especially in the franchise business F&B.

## **1.3. Problem Limitation**

Marketing Mix is a fraction of marketing knowledge that is very extensive and related to systems that exist in the business world. Therefore, the author limit the research to the Marketing Mix 7P at Chatime Central

Park Mall West Jakarta Outlets and Purchasing Decisions that occur in Chatime outlet consumers.

#### **1.4. Research Problem**

According to the background, the formulation of the problem in this study is described by the author as follows;

1. How is the application of the Marketing Mix system that occurs at Chatime Central Park Mall West Jakarta Outlet?
2. How is the Purchasing Decision affect consumers at Chatime Central Park Mall West Jakarta Outlets?

#### **1.5. Research Purposes**

The intentions of this research are as follows;

1. Understanding the application of marketing strategies: Marketing Mix at Chatime Central Park Mall Outlet West Jakarta.
2. To find out in depth the factors that influenced the Purchasing Decision of consumers at Chatime Central Park Mall in West Jakarta.

#### **1.6. Benefits of Research**

The author also outlines the benefits and uses that can be taken in this research;

1. Theoretical Benefits
  - a. This research is aspired to boost understanding, open up information and knowledge of readers about the marketing strategy in Marketing Mix 7P and the influence factors of Purchasing Decisions.
  - b. It is also hoped that this research can be a reference and consideration for future studies especially those related to the "Marketing Mix and Purchasing Decisions".
2. Practical Benefits

- a. For Chatime Central Park Mall West Jakarta Outlet, it is expected to be taken into consideration and to be implemented with the aim of increasing efficiency in marketing.
- b. For writers, so she can increase her knowledge and apply marketing analysis in the future. And also as a comparison between the theories that have been studied by the author with reality.

