

The Impact of Store Atmosphere and Customer Experience on Consumer Purchasing Decisions of KFC Wahidin Gresik

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Abstract:- Competition in foreign franchise businesses in Indonesia is getting tighter, especially in fast food products. This study aims to determine the influence of Store Atmosphere and Customer Experience on the purchasing decisions of KFC Wahidin Gresik consumers. This research is a quantitative research type. The sample used amounted to 120 respondents with the criteria of respondents at least 17 years old and had purchased food or beverage products at KFC Wahidin Gresik. Data collection was carried out using questionnaires with google form media. Data collection using purposive sampling techniques and analyzed using SmartPLS analysis tools. The results of data analysis show that Customer Experience influences consumer purchasing decisions while Store Atmosphere does not influence consumer purchasing decisions.

Keywords:- Store Atmosphere; Customer Experience; Purchase Decision.

I. INTRODUCTION

The current globalization period promotes more intense rivalry on both the home and foreign markets. Foreign franchise companies are not exempt in Indonesia, particularly when it comes to fast food items. The focus of fast food, sometimes known as fastfood, is on quick service. The quantity of fast food restaurants that sprung up quickly led to rivalry between them as they tried different approaches and developed customer attraction strategies in an attempt to outshine one another. KFC is one of the most well-known fast-food chains in Indonesia.

According to KFC Indonesia's financial report, which was made available on the company's official website (kfcku.com), the company lost Rp. 152.41 billion during the third quarter of 2023. In 2022, the loss increased by 815.69% in comparison to 2022, 17.16 billion. Numerous reasons contributed to the loss, including the rise in the cost of raw materials—particularly chicken—which affects the menu's selling price, results in a drop in transaction volume. It is also impacted by a strong rivalry with another fast-food establishment that capitalized on the post-pandemic circumstances.

In an attempt to boost sales volume, KFC is keeping up its efforts to enhance customer decision-making. A purchase choice, according to Hanim et al. (2019), is an individual's action that is directly seen in choosing to buy a product that is being provided by the seller. The store environment, which tries to highlight the physical appearance and restaurant atmosphere that is beneficial to attract clients, is thought to be a factor that might impact the choice to buy. Similar to other KFC locations, KFC Wahidin Gresik offers customers the option to select an indoor or outdoor dining space based on their preferences. Unfortunately, there is a flaw in the KFC wahidin gresik environment that irritates patrons and may contribute to the downturn.

Based on customer complaints, KFC Wahidin Gresik is still inadequate in providing comfort to consumers. Consumers complained about the uncomfortable and noisy atmosphere of the restaurant because it was located near the always crowded highway. Besides, the non-functioning air conditioning also adds to consumer search because the atmosphere inside the restaurant becomes very hot, especially when the restaurant is crowded. Restaurant hygiene and service quality also need to be improved to provide an impressive experience when consumers are visiting a restaurant. It is very unfortunate when the conditions experienced have the effect of giving consumers to return to visit KFC Wahidin Greek stores. When the restaurant establishes the facilities as complained by the consumer will provide comfort when eating so give an impressive good experience.

One further element that may affect a decision to buy is the customer's experience. Customer experience is what the consumer has to say about the products or services they purchase in order to understand the benefits and drawbacks of the purchase. (Sari and Kapuy, 2022). Next, in order to learn more about the reasons behind customers' purchases and their impressions of the KFC Wahidin environment shop, the researchers performed a pre-survey by interviewing 35 customers who were present at KFC Wahidin locations in the Gresik region. 26 of the 35 respondents who were asked comparable questions chose to make a purchase at KFC Wahidin, whereas 9 respondents did not choose to do so.

Table 1 The Following Table Displays The Responses from the Respondents:

Questions	Answers	Respondent	Dimension
Does the listed menu display help in selecting options?	Help	26 out of 35	Store Atmosphere
	Didn't help	9 out of 35	
Does the typical smell of fried chicken stimulate appetite when entering a KFC?	Yes	25 out of 35	Customer Experience
	No	10 out of 35	
Why did you decide to buy at KFC Wahidin?	Because the location is easy to access.	26 out of 35	Purchase Decision

When asked why they choose to shop at KFC Wahidin, respondents cited the familiar smell of fried chicken as the reason they were hungry when they walked in. In order to provide customers a positive experience, these respondents' responses, if they are related to the theory, make reference to the shop environment theory. The ambiance of a store is a synthesis of deliberately constructed signals. The concept of store atmosphere refers to an alteration in the layout of a retail space that elicits a certain emotional response in customers, perhaps leading to a purchase.

The Gresik district's KFC Wahidin locations served as the study's sites. Aside from its advantageous location in the center of the city, another factor contributing to its success is the average basic income of Greeks, who make up the second highest group in East Java's minimum wage. This means that many communities can afford to purchase KFC products, despite the fact that they are more expensive than processed chicken food found in convenience stores or at roadside depots.

II. LITERATURE REVIEW

➤ Store Atmosphere

The store used to build an impression and attract customers. Store atmosphere is defined as a combination of physical properties such as architecture, layout, lighting. The air temperature, music, colors, and scents aimed at designing the emotional response and perception of customers in buying goods. (Kristiana et al, 2021).

The store atmosphere is very useful for the survival of the business because it plays a role in creating the atmosphere of the first impression of the customer to the store, creating a comfortable atmosphere for the customer so that the customer can spend time in the store and stimulate customers to make purchases. The purchasing environment that is formed in the end will create the identity of the shop, generating an interesting and pleasant impression for the consumer, as well as obeying consumer emotions to make a purchase. (Pasaribu, 2020).

The store atmosphere indicator in this study is a development of an indicator conducted by Berman and Evans (2018) which consists of:

- Exterior
- General Interior
- Store Layout
- Interior Point Of Interest Displays.

➤ Customer Experience

Schmitt (in Monica & Widianingsih, 2020) defines a customer's experience as one that they personally have and perceive, typically brought about by incentives they get from marketers. A good customer experience is gained from an understanding of customer expectations so that there is a good impression that the customer feels after making a purchase.

This study's indicator of customer experience builds on research by Kalbuadi and Kembang (2023) and includes the following:

- Sense
- Feel
- Think
- Act
- Relate.

➤ Purchase Decision

Ansari et al, (2021) define a purchase decision as a process of making a customer's decision about a particular transaction offered on the market. Kotler and Keller (2022) argued that a decision-making process occurs after a customer realizes that there is a problem recognition, which is a condition in which a customer is aware of the difference between the actual condition and the condition he wants.

According to Thompson and Patheraf, 2016 (in the journal Winasis et al, 2022) these purchasing outcome indicators are measured using three indicators:

- As Needed
- Have Benefits
- Decision in Buying a Product.

III. METHODS AND METHODOLOGY

The data collection in this study uses a questionnaire through a google form that is distributed to visitors of KFC Wahidin Gresik. The data that has been collected is then analyzed using the PLS (Partial Least Square) method with the SmartPLS software.

Purposive sampling strategies along with quantitative methodologies are used in this study to choose certain criteria. non-probability sampling is used in sampling. A Gresik city community makes up the research population. Customers of KFC who had made purchases at KFC Wahidin Gresik served as the study's sample.

The Ferdinand (2006) method is used to determine the sample, and it multiplies the number of research indicators by a confidence level ranging from 5 to 10.

respondents was selected based on the computation's outcomes.

IV. RESULT AND DISCUSSION

In this study, there are a maximum of 12 indicators that combine free and constrained variables. A sample of 120

➤ *Outer Loading*

Table 2 Outer Loading (Mean, STDEV, T-Valuess)

	Factor Loading (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
X1.1 <- Store Atmosphere	0.667411	0.648328	0.103147	0.103147	6.470495
X1.2 <- Store Atmosphere	0.797349	0.787387	0.076860	0.076860	10.373980
X1.3 <- Store Atmosphere	0.545386	0.529138	0.132344	0.132344	4.120965
X1.4 <- Store Atmosphere	0.727004	0.727568	0.064279	0.064279	11.310090
X2.1 <- Customer Experience	0.750423	0.745433	0.062147	0.062147	12.074886
X2.2 <- Customer Experience	0.718683	0.714332	0.087722	0.087722	8.192739
X2.3 <- Customer Experience	0.761582	0.761371	0.042250	0.042250	18.025727
X2.4 <- Customer Experience	0.757881	0.754351	0.062527	0.062527	12.120818
X2.5 <- Customer Experience	0.685625	0.674061	0.075553	0.075553	9.074717
Y1 <- Keputusan Pembelian	0.798705	0.795166	0.069767	0.069767	11.448233
Y2 <- Keputusan Pembelian	0.765475	0.755023	0.085760	0.085760	8.925803
Y3 <- Keputusan Pembelian	0.708364	0.686026	0.127410	0.127410	5.559722

The outer loading table above indicates that the entire indicator accounts for the variables of the store atmosphere, the customer experience, and the purchase results. The loading factor (original sample) is greater than 0.50 and/or significant (T-Statistic value above Z value $\alpha = 0.05$ (5%) = 1.96),

indicating that the estimate of the entire indicator has met the validity or convergence requirements.

➤ *Validity Test*

Table 3 Average Variance Extracted (AVE)

Variable	Average Variance Extracted (>0.5)
Store Atmosphere	0.476796
Customer Experience	0.540822
Keputusan Pembelian	0.575221

The next measurement model is Avarage Variance Extracted (AVE) value that shows how much the indicator's variance is affected by the hidden variable. When each construction has an AVE value more than 0.5, a suitable model is needed. With a value below 0.5 and an AVE test result of 0.476796 for the Store Atmosphere variable, the variable in this study may be classified as having poor validity.

The Customer Experience variable has an AVE testing result of 0.540822, while the Purchasing Decision variable has an AVE testing result of 0.575221. Both variables had 60 values in higher than 0.5, indicating that the validity of the research's variables is good.

➤ *Reliability Test*

Table 4 Composite Reliability

	Composite Reliability
Store Atmosphere	0.781653
Customer Experience	0.854650
Keputusan Pembelian	0.802084

Reliable construction and a composite reliability value are used to gauge a structure's dependability. The indicator is considered consistent in measuring its hidden variable if the composite reliability value is more than 0.70. The store atmosphere variable, which had a composite reliability value of 0.781653, the customer experience variable, which had a

composite reliability value of 0.854650, and the purchasing decision variable, which had a composite reliability value of 0.802084, all demonstrated composite reliability values above 0.70, indicating that the study's variables as a whole are reliable.

➤ *Path Analysis*

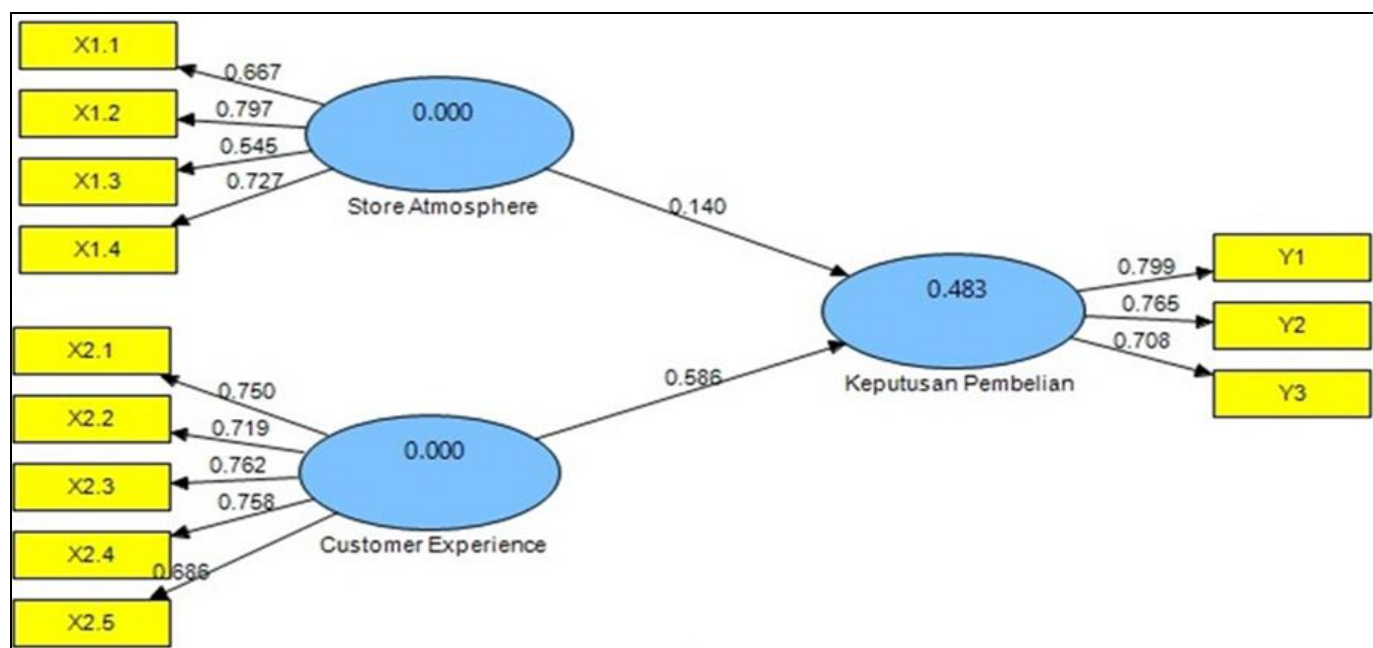


Fig 1 Path Diagram

The PLS output image above shows the magnitude of the path coefficients above the arrows that separate the exogenous variable from the endogenic variable, as well as the size of the factor loading value of each indicator that is situated above the arrow mark between the variable and the indicator. Every indicator utilized in this study has fulfilled convergence

validity, indicating excellent validity, with values more than 0.50 for the shop environment (X1), customer experience (X2), and purchase result (Y).

➤ *R-square (R²)*

Table 5 R-Square (R2)

	R Square
Store Atmosphere	
Customer Experience	
Keputusan Pembelian	0.482584

The R2 value is 0.482584, interpreted as a model capable of explaining the phenomenon of Purchasing Decisions influenced by free variables, among others, (Store Atmosphere and Customer Experience) variants of 48.25%. The remainder

of 51.75% is described by other variables outside this study (apart from Store Atmospheric and customer experience).

➤ *Hypothesis*

Table 6 Path Coefficients (Mean, STDEV, T-Values)

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ((O/STERR))
Store Atmosphere (X1) -> Purchase Decision (Y)	0.139830	0.160256	0.124128	0.124128	1.126490
Customer Experience (X2) -> Purchase Decision (Y)	0.585626	0.576414	0.118665	0.118665	4.935103

• *Hypothesis 1:*

Store Atmosphere had a positive influence on the purchase decision, unacceptable.

With path coefficients of 0.139830 and T-statistic values of 1.126490 smaller than $Z = 0.05$ (5%) = 1.96 then not significant (positif)

• *Hypothesis 2:*

Customer Experience has a positive influence on purchasing decisions, it's acceptable.

With path coefficients of 0.585626, and T-statistic values of 1.126490 smaller than $Z = 0.05$ (5%) = 1.96 then significant (positif)

➤ Discussion

• *The Impact of Store Atmosphere (X1) on Purchase Decisions (Y)*

Based on the results of the test of the hypothesis that has been carried out, the store atmosphere has no significant positive influence on the consumer purchase decision of KFC Wahidin Gresik which means, the first hypotheses are not accepted. The results of this research are due to every aspect of the atmosphere store built by KFC wahidin gresik has not managed to create a positive experience for its consumers so does not make the shop atmosphere as the basis for the emergence of the purchase decision.

Store atmosphere in this study was measured using four indicators. Based on the results of the descriptive analysis of the store atmosphere variable, the respondent's lowest average answer lies on the store layout indicator (store layout) with the statement item "cash counter at KFC is accessible". In other words, respondents assume that the shop layout including cash counter in KFC may be less comfortable for customers. The setting of cash counter with a distance close to the entrance, as well as the setting of a dining table on the right and left side of the door makes it difficult to access the cash counter and gives the impression of a more narrow cash counter when the restaurant is crowded and the chain is contagious.

The results of this study are in line with the research carried out by Ahmad Budiono and Onan Marakali Siregar (2023) which stated that the store atmosphere has no influence on the purchase decision.

• *The impact of Customer Experience (X2) on Purchasing Decisions (Y)*

The customer experience variable significantly and favorably influences KFC Wahidin Gresik customers' purchase decisions.

Customer experience in this study was measured using five indicators. Based on the descriptive analysis of the customer experience variables, the respondent's highest average response was on the think indicator with the statement item "display menu that encourages me to try other available menus". In other words, respondents agreed that a menu display that displays a wide variety of available menu images may be one of the factors consumers want to try the other menus. The more the menu image is shown, the greater the consumer's desire to try it.

The results of this study are in line with the research conducted by Faizatul Rokima, M.Ridwan Basalamah, and M Tody Arsyianto (2023) which stated that customer experience influences purchasing decisions.

V. CONCLUSION

The conclusion drawn from the study and conversations regarding the impact of shop atmosphere and customer experience on purchase decisions is that KFC Wahidin Gresik customers' purchasing decisions are not significantly influenced by the store atmosphere. Because it is near the door and may be disturbed by patrons who come in or walk out too frequently when the restaurant is busy, the arrangement of the cash counter at KFC Wahidin Gresik provides less accessibility. That is to say, customers' decisions to make future purchases will be influenced more by their positive experience at KFC Wahidin Gresik.

Further researchers are expected to expand the research object with more samples so that the research produced is more representative of the population, not just on consumers who make purchases at KFC Wahidin Gresik, as well as adding other variables that can affect purchasing decisions that are not studied in this study.

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