

## **CHAPTER I INTRODUCTION**

### **1.1 Overview of research object**

#### **1.1.1 Kopi Praja Profile**

Kopi Praja is a cafe located in the Bintaro area of South Tangerang City, specifically on Jl. Titihan No.1, Parigi, Pondok Aren. This cafe started from a person who likes to chat casually in a cafe, for 2 years they finally thought about making a business together in the coffee shop field. With Mr. Tiwo, in his capacity as Managing Director, and Mr. Felic Halim, in his capacity as Owner, they are the originators of this cafe.

Kopi Praja was first established and opened on April 30 2018, Praja itself has a meaning in Indonesian, namely a place of power, and was inspired by the scout phrase "*Praja Muda Karana*" where Kopi Praja changed the sentence to "*Praja Muda Karya*" and was inspired by "*Pulau Praja*". As for "*Praja*" is beautiful and interesting.

This cafe has a minimalist design and a cozy atmosphere with a "*tribune*" concept. The stands are also stocked with tables, chairs, and lamps. The cafe's signature coffee is kopi alun, a blend of specialty coffees such as Toraja, Sidi Kalam, Aceh Gayo, and Robusta Arabica. Kopi Praja's attractive and comfortable concept ensures that visitors feel at ease for an extended period of time.

This means that Kopi Praja creates all of that as a concept, one in which young people can work freely. Kopi Praja's initial target market was young people, but over time their target market expanded to office workers and families. Additionally, the location is designed to be as attractive and comfortable as possible for consumers who wish to simply chat with family and friends or doing college assignments and office work.

### 1.1.2 Kopi Praja Logo

This is the logo of Kopi praja:



**Figure 1. 1 Kopi Praja Logo**

*Source: Kopi Praja, 2021*

### 1.1.3 Kopi Praja Vision And Mission

#### **VISION:**

Introducing a cafe with a new concept, namely family, suitable for meeting and gathering places. Just chatting or doing tasks casually

#### **MISSION:**

Kopi Praja has a target that young people can be more creative by being used as a place of discussion or a place to do tasks casually while enjoying the food in praja coffee. In addition, it increases the appeal of coffee lovers or those who do not know coffee, and is further developed by the holding of certain promos.

### 1.1.4 Kopi Praja product



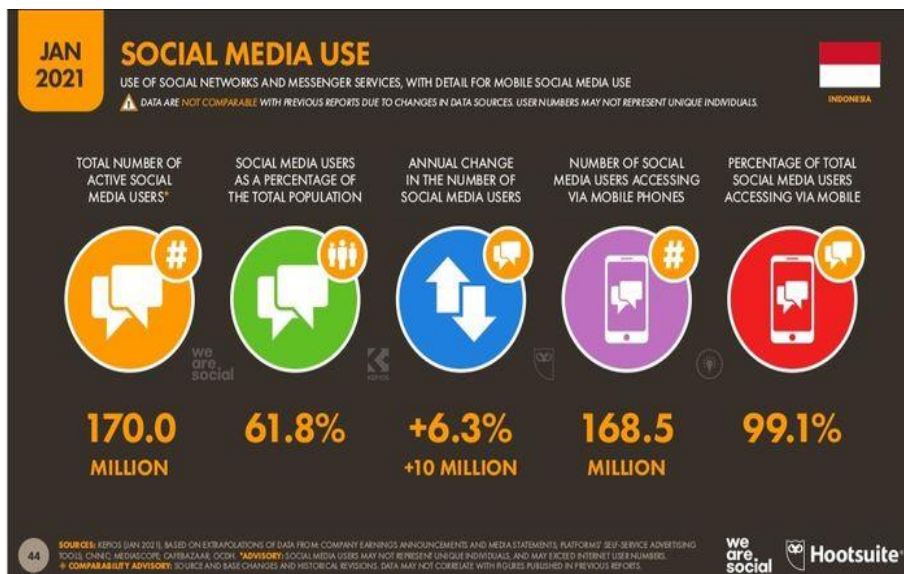
**Figure 1. 2 Kopi Praja Product**

*Source: @kopipraja*

## 1.2 Research background

Based on the Indonesian Internet Service Provider Association's (APJII) 2018 survey, the country's internet users totaled 171.1 million, up 27.9 million from the total of 143.2 million. Social media is a term that refers to a type of computer technology that enables the exchange of ideas, thoughts, and information via virtual networks and communities (investopedia, 2021).

The number of people using social media platforms keeps rising. In April 2019, the global population of social media users surpassed 3.5 billion, including 802 million active Instagram users (We Are Social, 2020). And this is reinforced by the fact that Indonesia has a large social media user community. As illustrated in Figure 1.3, Indonesia had a total of 170.0 million social media users in January 2021, a rise of 10 million from 2020 to 2021.



**Figure 1. 3 Social media use**

*Source: We are social, 2021*

The increase of social media users are also impacted in Indonesia. Based on the findings of the study conducted by We Are Social (2020), the growth of social media in Indonesia currently offers a great opportunity for businesses who want to expand their market to use it as a marketing platform. Social media is an integral

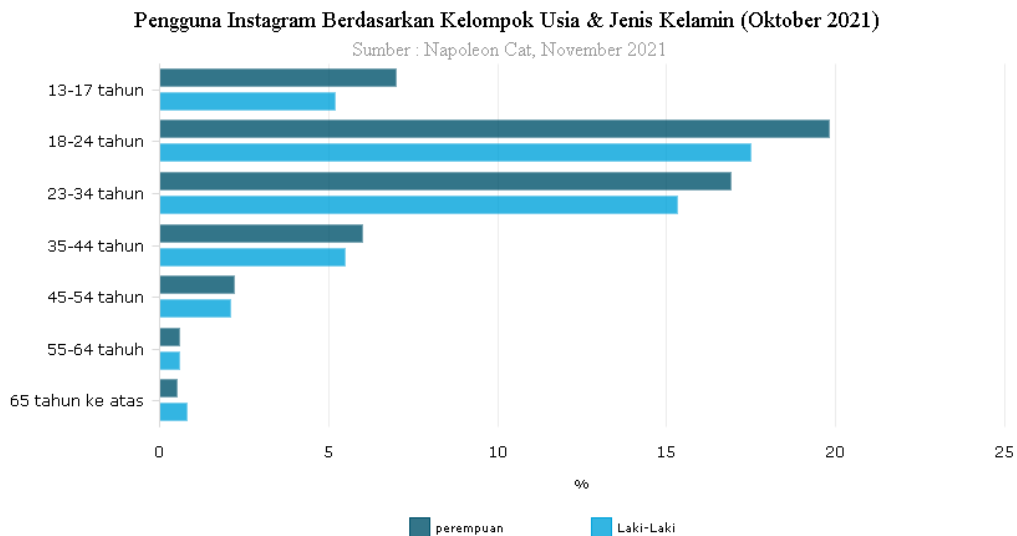
component of a broader distribution, business, networking, and communications approach. It also adapts and represents the demand and those who interpret it (We Are social, 2020).

Quoted from katadata (2020), according to the Sea Insights survey up to 54% of respondents from MSME (Micro, small and medium enterprises) entrepreneurs are becoming more adaptive in their use of social media to increase sales. According to Chi (2011) social media marketing is “*a personal network and currency for user-centered networking and social interaction, as well as a bridge between brands and consumers*”.

With the emergence of social media, the platforms and methods for communicating with clients have altered significantly; as a result, businesses must learn how to use social media in a way that is consistent with their corporate strategy (Mangold & Faulds, 2009).

According to Mudassir (2019), Instagram has 56 million active users in Indonesia, placing it fourth in the world after the United States, which has 110 million active users (roughly 33.4 percent of the total population), Brazil, which has 66 million active users (roughly 31.3 percent of the total population), and India, which has 64 million active users (roughly 4.6 percent of the total population).

With a more precise breakdown, 89 percent of active Instagram users in Indonesia are between the ages of 18 and 34, with 51.9 percent males and 48.1 percent females (Mudassir, 2019).



Katadata.co.id

databoks

**Figure 1. 4 Instagram user in Indonesia**

*Source: Databoks, 2022*

Based on figure 1.4 quoted from Databoks (2020), shows there were 91.01 million Instagram users in Indonesia in October 2021. In detail, 19.8% of the application's users are women, while 17.5% are men. The age group of 25-34 years is the second Instagram user in the country. It is noted that 16.9% of female users of this application, while 15.3% of male users are recorded (Databoks, 2021)

Then, the age group of 13-17 years ranks the next most users. As many as 7% of users are female and 5.2% of users are male. In the 35-44 year age group, 6% of women use Instagram and 5.5% of men. Meanwhile, Instagram users from the 45-54 year age group are 2.2% female and 2.1% male. Then, in the 55-64 year age group, female and male users were 0.6% respectively (Databoks, 2021)

Also, in the age group of 65 years and over, 0.5% of users are female and 0.8% of users are male. Overall, the majority or 53.2% of users of the photo and video sharing application in Indonesia are women. Meanwhile, 46.8% of other Instagram users are male (Databoks, 2021).

Besides that, Instagram recognized for being a platform for sharing photographs and videos, but it has also evolved into a platform for selling goods, with a shopping feature that allows vendors to sell their commodities, as reported in Liputan 6 (2015), “Instagram in Indonesia is a social media platform that is able to bridge the relationship between traders and sellers”. This is because for areas that do not have complete shopping centers, for example, only social media can become a meeting place for traders and sellers. This is what makes Instagram a separate e-commerce ecosystem consisting of successful buyers, sellers, buzzers, and other Instagram accounts.

This situation makes Instagram use a lot by aspiring entrepreneurs or people who want to start a business for selling and promoting their product to make potential Consumers have the intention to buy their product with that Social media marketing.

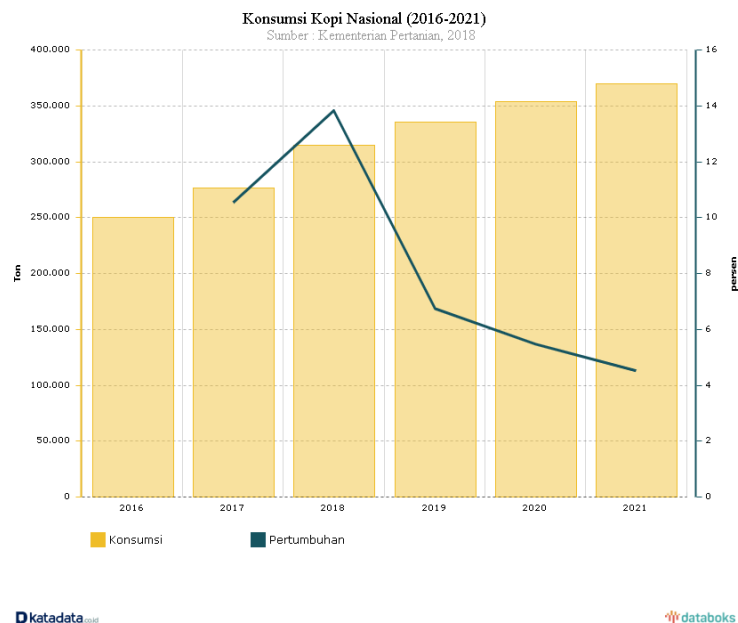
In this case instagram is used by business such coffee shop to promote their product during this covid 19 pandemic as reported in Kompas (2021), In a webinar entitled The Coffee Shop Strategy in the Pandemic Period and PPKM organized by Food & Hotel Indonesia VirtualHub 2021 Gerilya Coffee & Roastery and Kedai Kopi Guyon gave their responses. The founder of Gerilya Coffee & Roastery (Gemawan Wahya dhiatmika Said that *“I advertise more online, such as Instagram or Facebook, which can direct QR Codes”* also he said that *“We have more online platforms from Tokopedia, Shopee, and others. Even our own marketing is propagated through online”*. And it was done by some coffee shops such as Kopi praja to do marketing for their products, namely coffee.

Coffee is a type of plant made into a drink with psychostimulant properties that cause someone who drinks it will stay awake (difficulty sleeping), reduce fatigue or stress while working, and be able to provide physiological effects, namely energy (Bhara L.A.M, 2005).

With this coffee is very much in demand by the community, especially young people. They often joke or just hang out with friends or close relatives in a coffee shop or café because drinking coffee has now become a lifestyle for millennials

(Databoks, 2018).

This is reflected in the proliferation of cafes or taverns of beverage sellers from brewed coffee grounds throughout the archipelago. Now, you can enjoy high-quality coffee at locations other than Starbucks or Coffee Bean. Because independent coffee shops have become ubiquitous, from the highway to the commercial district to the mall (Databoks, 2018).



**Figure 1. 5 National coffee consumption (2016-2021)**

*Source: Databoks, 2018*

Based on figure 1.5 that quoted from databoks (2018), the Ministry of Agriculture's Agricultural Data and Information System Center, national coffee consumption reached approximately 250 thousand tons in 2016 and increased 10.54 percent to 276 thousand tons in 2017. Indonesia's coffee consumption is expected to expand at an average annual rate of 8.22 percent between 2016 and 2021. By 2021, coffee production is expected to reach 795 thousand tons, compared to consumption of 370 thousand tons, resulting in a 425 thousand-ton surplus.

Around 94.5 percent of Indonesia's coffee shop is provided by smallholder coffee entrepreneurs. Meanwhile, 81.87 percent of the country's coffee production is robusta, which originates in coffee centers in South Sumatra, Lampung,



Bengkulu, East Java, and Central Java. With this increase in the number of coffee entrepreneurs, more coffee shops and cafes are opened to compete in the market (databoks, 2018).

With the growth of social media users, particularly on Instagram, and the increasing number of coffee enthusiasts in Indonesia, the Researcher is interested in researching the social media marketing, Consumer engagement, and purchase intention of Consumers at kopi praja bintaro, as well as the social media marketing conducted by Kopi Praja. In this case, praja coffee itself has a target consumer according to the manager of kopi praja, Darius. Said that *“We initially had a target consumer, namely at the age of 18-25 this is the age of young people who like to get together and also like to do assignments, be it college or school, but over time our target consumers also expanded because there are so many parents, from middle to old age who often spend time drinking coffee and chatting”*

Because Kopi Praja has huge number of followers that reached about 6 thousand. According to the manager of Kopi Praja, Darius. said that *“the average person who visits and reserve at Kopi praja from social media”*. According to Darius a lot of visitors in Kopi praja who visit and eat are from social media especially from instagram, *“There are approximately 40% of Kopi praja visitors who know and visit are come from social media”*. By using social media, various brands can take advantage of existing features to present unique and interesting content so as to attract Consumers (Suara.com, 2022). In this case, Instagram becomes an option to promote business because is now widely looked to promote business (Tempo.com, 2021).

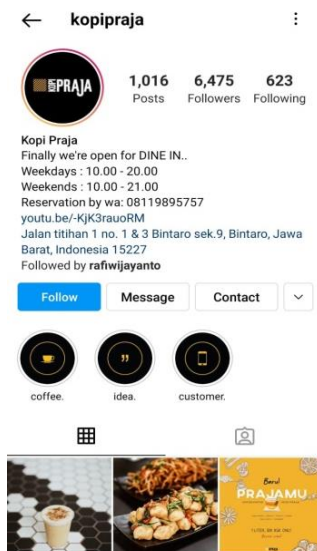
One of Coffee shop that promotes their business and products through Instagram is Kopi praja. Kopi praja use Instagram to upload content in feeds, stories and reels for promoting their business and products. According to Kopi praja managers, Darius. Said that *“for social media we are focused on using Instagram as our platform because of the large number of Instagram users and in this social media our followers are more stable and also quite a lot of people who contribute such as comments or tagging us on instagram stories compared to when we use facebook or any other platform we don’t have that much attention”*.

**Table 1.1 Kopi praja engagement rate competitors**

*Source: Socialblade, 2021*

Based on Kopi praja managers and Google search, the researcher found out there are several competitors of kopi praja. There are Kopi manakala, kopi manyar, wekocoffee, pigeon hole coffee, kedai kopi kami, and kunanti kopi. From table 1.1 we can see that if we compare from the other instagram of their competitor we can see that Kopi praja has the lowest engagement rate with 0,35% This is very inversely proportional to other competitors. In terms of average likes and comments, praja coffee is one with the lowest average likes and comments with 1,130 media uploads whereas in Instagram, engagement can be represented by likes and comments (Coelho et al at putri santoso, 2017).

Instagram	Followers	Media uploads	Engagement rate	Average likes	Average comments
<a href="https://www.instagram.com/kopipraja/">https://www.instagram.com/kopipraja/</a>	<b>6,541</b>	<b>1,130</b>	<b>0.39%</b>	<b>24.94</b>	<b>0.81</b>
<a href="https://www.instagram.com/coffeemanakala/">https://www.instagram.com/coffeemanakala/</a>	<b>3,937</b>	<b>202</b>	<b>3.05%</b>	<b>116.88</b>	<b>3.06</b>
<a href="https://www.instagram.com/kopimanyar/">https://www.instagram.com/kopimanyar/</a>	<b>9,428</b>	<b>639</b>	<b>1.40%</b>	<b>131.06</b>	<b>0.88</b>
<a href="https://www.instagram.com/wekocoffee/?hl=en">https://www.instagram.com/wekocoffee/?hl=en</a>	<b>2,116</b>	<b>241</b>	<b>0.83%</b>	<b>17.44</b>	<b>0.19</b>
<a href="https://www.instagram.com/pigeonholecoffee/?hl=en">https://www.instagram.com/pigeonholecoffee/?hl=en</a>	<b>36,643</b>	<b>3,264</b>	<b>0.43%</b>	<b>157.19</b>	<b>0.81</b>
<a href="https://www.instagram.com/kedaikopikani/?hl=en">https://www.instagram.com/kedaikopikani/?hl=en</a>	<b>4,835</b>	<b>247</b>	<b>2.27%</b>	<b>107.00</b>	<b>2.69</b>
<a href="https://www.instagram.com/kunantikopi/?hl=en">https://www.instagram.com/kunantikopi/?hl=en</a>	<b>1,625</b>	<b>222</b>	<b>3.09%</b>	<b>49.75</b>	<b>1.69</b>



**Figure 1. 6 Kopi Praja Instagram followers**

*Source: kopipraja, 2021*

Consumer engagement, according to Peltier (2013), can give rise to a desire to interact with and communicate with users in the hope that users will provide creativity to create value. Co-creation value can be said of categories involved in the creation of value. More co-creation value should prioritize the creation of a value that seeks to provide creations and ideas by modifying the product to suit individual preferences. C.K.a. R. Prahalad, V. (2013) explains that consumers have confidence in being involved in creating value with the creativity of consumers, who can generate Purchase intention, because consumers have been involved in the process of providing ideas and product creation by making suggestions. According to kopi praja manager, Darius. Said that “after we uploaded the content on instagram, there were some of our followers who were interested to come and buy our products, especially our coffee”.Therefore, the Researcher is interested to put the title of this research paper is *"The Effect Of Social Media Marketing And Consumer Engagement As Mediating variable Towards Consumer Purchase Intentions At Kopi Praja Bintaro (Case Study Of Social Media Instagram @kopipraja)"*.

### **1.3 Problem Statement**

Based on background above, it can be conclude the formulation for the research problem statement is:

1. How positive and significant is the effect of social media marketing on consumer engagement at Kopi Praja Bintaro?
2. How positive and significant is the effect of social media marketing on Consumer purchase intention at kopi praja bintaro?
3. How positive and significant is the effect of Consumer engagement Consumer purchase intention at kopi praja bintaro?
4. How positive and significant is the effect of social media marketing and Consumer engagement as a mediating variable towards Consumer purchase intention at kopi praja bintaro?
5. What is the respondent response towards social media marketing of kopi praja bintaro?
6. What is the respondent response towards costumer engagement of kopi praja bintaro?
7. What is the respondent response towards the purchase intention of kopi praja bintaro?

### **1.4 Research Purposes**

The purpose of this research are:

1. To find out How positive and significant is the effect of social media marketing on consumer engagement at Kopi Praja Bintaro
2. To find out How positive and significant is the effect of social media marketing on Consumer purchase intention at kopi praja bintaro
3. To find out How positive and significant is the effect of Consumer engagement Consumer purchase intention at kopi praja bintaro
4. To find out How positive and significant is the effect of social media marketing and Consumer engagement as a mediating variable towards Consumer purchase intention at kopi praja bintaro

5. To find out What is the respondent response towards social media marketing of kopi praja bintaro
6. To find out What is the respondent response towards consumer engagement of kopi praja bintaro
7. To find out What is the respondent response towards the purchase intention of kopi praja bintaro

### **1.5 Research Benefits**

The benefits of this research are as follow:

1. Theoretical Benefits

The results of this research paper studies are expected to be contributed as a reference and informative material for the development of this research especially to develop in the field of social media marketing and Purchase Intention.

2. Practical Benefits

The result of this research paper can be put as a reference for the business in determining strategies for good promotion and good innovation to gain Consumer interest for their purchase Intention.

3. Writer Benefits

This research paper is expected to view the writer experience in the past few year inputting what the writer has learned and implemented in this research paper

### **1.6 Writing Systematic**

Contains systematics and a brief explanation of research reports consisting of Chapters I to V in research reports.

1. **CHAPTER I INTRODUCTION**

This chapter includes ideas ranging from broad to specific, as well as prior study and a research frame of mind that concludes with hypotheses if necessary.

2. **CHAPTER II LITERATURE REVIEW**

This chapter includes ideas ranging from broad to specific, as well as prior study and a research frame of mind that concludes with hypotheses if necessary.

### **3. CHAPTER III RESEARCH METHODS**

This chapter validates the tactics, methods, and strategies used to gather and evaluate data that may be utilized to solve research challenges. Types of Research, Variable Operationalization, Population and Samples (for quantitative) / Social Situations (for qualitative), Data Collection, Validity and Reliability Tests, and Data Analysis Techniques are all covered in this chapter.

### **4. CHAPTER IV RESULTS OF RESEARCH AND DISCUSSION**

The research and discussion findings are organized and presented in different subtitles in line with the formulation of problems and research objectives. This chapter is divided into two sections: the first offers the research findings, and the second presents a commentary or interpretation of the findings. Each section of the discussion should begin with the data analysis findings, then be analyzed, and finally, conclusions drawn. Previous research studies or related theoretical foundations should be compared in the debate.

### **5. CHAPTER V CONCLUSIONS AND SUGGESTIONS**

The response to the research question is the conclusion, which then becomes a suggestion about the research benefits.