

CHAPTER I

INTRODUCTION

1.1 Background

The development of business today is influenced by the necessities of life which continue to grow and are increasingly diverse. This is directly proportional to economic growth which is related to the increase in average income and can increase the demand for products. Currently the beverage business is quite a lucrative business. Some are small in scale, only limited to a shop at the end of the alley with long chairs or a shop in the campus area with fast wifi service, cool places in malls, star hotels, and cafes on the main road.

This is what sometimes causes so much competition to emerge for beverage entrepreneurs. Of course, there are various things that beverage entrepreneurs need to pay attention to make their products superior to other beverage products. In this case, brand image and product packaging are sometimes a determining factor for entrepreneurs to make their products superior in the market apart from taste and price factors, besides that the atmosphere created by beverage sales outlets is also a determining factor. To attract consumer interest in these products.

Responding to this, retailers who play in the beverage business are required to always innovate so that consumer buying interest is maintained and increases. Attracting consumers' buying interest to make purchases can also be done by providing a pleasant shop atmosphere for consumers, providing promotions such as signboards, discounts or door prizes and easily accessible store locations.

The method used by producers in increasing sales is by increasing the existing aspects of a product, in order to create consumer interest and purchase interest. One of the aspects in a product that must be improved is the brand. According to Kotler and Keller (2009) "Brand is a name, term, symbol, or design

or a combination thereof to identify goods or services from one of the sellers or groups of sellers and to differentiate them from competitors". According to Tjiptono (2005) "Brand image is a description of the association and consumer confidence in a particular brand, brand image is the observation and trust held by consumers, as reflected in the consumer's memory".

There are several components to a brand image. Xian and Gou lie journal (2011) "Brand image consists of three supporting components, namely Company Image, Consumer Image, and Product Image". So these two aspects, namely Brand Image and Price, are important things that need to be considered by the company. Consumers tend to use the brand image as a reference before purchasing a product/service. So, the company must be able to create an attractive brand image as well as describe the benefits of the product in accordance with the wants and needs of consumers so that consumers have a positive image of the brand.

While packaging is important because packaging is not only used as a protection against the product, but packaging is also used as a promotional medium to attract consumers so that consumers decide to purchase the product in question. Companies that are responsive to the above will of course try to distinguish their product packaging from other similar product packaging so that consumers will find it easy to distinguish the products that the company makes from competitors' products.

Products with attractive packaging will generate consumer perceptions and can generate enough sensory stimulation for consumers to pay attention and remember. Packaging is one of the product strategies used by companies to display products to make them more attractive in terms of shape, color, so that their quality can be maintained. Currently, many companies are aware of creating attractive product packaging. This is because the company uses the pack at the same time for promotion. This brand image and product packaging can later determine the extent to which a product can compete in the market. Especially in determining the competitive advantages of each company.

Store atmosphere can not only provide a pleasant buying environment, but also can add value to the products being sold. Apart from that, the atmosphere of the outlet will also determine the image of the shop itself. A good store image can ensure the survival of the company to survive the competition in forming loyal customers. Store atmosphere as a means of communication that can have positive and profitable results is made as attractive as possible. At a minimum, consumers will feel at home and comfortable in the store and this will make consumers decide to buy at the store.

Competitive advantage is a set of factors that differentiate a small company from its competitors and provide a unique position in the market so that it is superior to its competitors. Competitive advantage can also be interpreted as an advantage that creates value for customers and is difficult for competitors to imitate. Companies that have a competitive advantage will become leaders in their market and can achieve above average profits (Zimmerer, 2008).

Competitive/competitive advantage is a benefit that exists when a company has and produces a product and or service that is seen from its target market better than its closest competitors (Saiman, 2015). Therefore, it is important for a company to determine a Brand Image and Product Packaging that is suitable and memorable in the eyes of consumers in increasing competitive advantages. Especially in the Bengkalis Regency, along with the trend of the beverage business, there are so many outlet outlets that sell drinks with various flavors and various packaging. One of them is *Janji Jiwa*.

Based on the background that has been described above, hereby I as a writer take the initiative to conduct study with the title **“Strategies To Create Competitive Advantages Through Brand Image, Product Packaging Design, and Outlet Atmosphere In The Beverage Franchise Business. (Case Study on Janji Jiwa Beverage Business in Bengkalis City)”**

1.2 Formulation of the Problem

Based on the above background, the writer will identify the problems as follows: What is the strategy to create Competitive Advantage through the factors of Brand Image, Product Packaging Design, and Store Atmosphere in the Beverage Business Franchise (*Janji Jiwa*)?

1.3 Purpose of the Study

Based on the formulation of the problem, the authors can mention the objectives of this study are:

1. To find out the competitive advantage through the brand image factor in the beverage business franchise *Janji Jiwa*?
2. To find out the competitive advantage through product packaging design factors in the beverage business franchise *Janji Jiwa*?
3. To find out the competitive advantage through outlet atmosphere factors in the beverage business franchise *Janji Jiwa*?
4. To find out which strategy is most effective to increase competitive advantages in the beverage business franchise *Janji Jiwa*?

1.4 Significance of the Study

Based on this study, the author can divide the significant of the study into three part as follows:

1. Benefits for producers/companies:
As a consideration and evaluation to improve, implement, and create competitive advantages through brand image, product packaging design, and store/outlet atmosphere for the franchise beverage business (*Janji Jiwa*).
2. Benefits for readers/society:
As a means to gain insight and knowledge about the supporting aspects in marketing a business/industry product.

3. Benefits for authors:

To increase knowledge and insight about marketing management, especially about brand image, product packaging design, and outlet atmosphere in relation to increasing/creating competitive advantages, training students to apply theories obtained during the lecture process, and is one of the requirements for continuing education, and as a reference for conducting further study.

1.5 Scope and Limitation of the Problem

Based on the background of the problems that have been described, the authors can identify the scope of this study, namely the beverage product *Janji Jiwa* in Bengkalis City. In analyzing which strategy is more appropriate to create competitive advantages. Whether through the factors of brand Image, product packaging design, or outlet atmosphere in the franchise beverage business. This study is only limited to three factors, namely brand image, product packaging design, and outlet atmosphere.

1.6 Writing System

In order for the writing of this thesis report to be systematic and neatly structured, a systematic report writing is required. The following is the systematics of thesis report writing:

CHAPTER 1 : INTRODUCTION

In CHAPTER 1 explains the background of the problem, the formulation of the problem, the study objectives, the benefits of the study, the scope of the study and the limitations of the problem as well as the systematic writing of reports.

CHAPTER 2 : LITERATURE REVIEW

In CHAPTER 2 describes the literature review and the basis of the previous theory that will be used in the completion of the study.

CHAPTER 3 : STUDY METHOD AND PROCESS

IN CHAPTER 3 will explain the implementation plan, starting from the location, time and object of study, types and sources of data, data analysis methods, types of study, study schedule and budget.

CHAPTER 4 : RESULTS AND DISCUSSION

In this chapter 4 will explain the results and discussion of study.

CHAPTER 5 : CONCLUSIONS AND SUGGESTIONS

In this chapter 5 will explain the conclusions and suggestions of the study carried out.

REFERENCES

APPENDICES

