

## CHAPTER 1: INTRODUCTION

### 1.1 Research Background

This is an era when an advertisement showing the public issue and coming up with a solution with a product or service. There is no direct recommendation content for the audience asking to purchase something at the beginning of an advertisement. The message to force the audience to buy the product or service is hidden behind the advertisement through a story. This strategy called a storytelling strategy. A storytelling strategy has been one of the most common marketing strategies used by marketing division to set the strategic implementation in order to deliver and approach their target market.

In fact, the content marketing that built using a storytelling strategy will influence the customer engagement which leads to the purchase intention, because the relationship between consumer and company is influenced by proactive consumer engagement which affected to the purchase intention (Wang, Qiao, & Peng, 2015). That is the reason why nowadays many businesses especially startups are using a storytelling strategy for their brand engagement.

The common media that often tells the brand story to targeted customers is Instagram. Reported by TEMPO (2017), more than 25 million businesses dominated by SMEs or small medium enterprises, are interacting and building connections with their customers through visuals and interesting narrative storytelling. Furthermore, the article stated that many businesses could develop their existences through Instagram. Pitoko (2018) was reporting through his article in Kompas.com that one of the common business industries that are actively using instagram to implement the narrative storytelling is food and beverage industry especially coffee business.

As one of the most common life science business industries, the coffee industry now has transformed into an approachable form for the market. Combining the food science process when producing coffee products, the coffee business owners offered the experience of the coffee science

process before they served the coffee to the customers. Moreover, they are providing the story behind the process directly and/or indirectly through social platforms. The coffee industry has four waves of trend. A storytelling strategy started to appeal coffee business when the last two waves of coffee took the place of the history. Since the third and fourth waves, the coffee industry started to use the storytelling strategy to sustain the fast moving trend in the coffee industry. In this wave, the market of coffee industry is divided by two: coffee enthusiast and lifestyle coffee drinker (MICHELIN Guide, 2017). Today, the fourth wave started to show up due to the increase of the lifestyle coffee drinker market. It is proven by the number of coffee shop industries globally, not to mention, in Indonesia especially Jakarta.

The two different target markets of coffee shop industry is differentiated by the reason and the type of coffee they consume. The coffee enthusiast is the people who consume coffee with the excitement of the coffee knowledge and the taste of the original coffee beans. The marketers have to keep developing and maintaining the brand engagement in order to catch new customers and keep them inside as the loyal customers. That is why the second target market came, the lifestyle coffee drinker. The coffee business finally innovating through a product development by experimenting with the composition of the coffee product. Moreover, according to Linsdstrom (2016), the benefit of storytelling for brand engagement is to bridge the gap between the coffee production and the coffee consumers, as well as with the second tier, the coffee business. More to add, he stated that the way to communicate the story from the coffee producers to the coffee consumer could use a digital marketing platform which was created by the coffee business (Linsdstrom, 2016).

One of the coffee shops in Jakarta Selatan called KRAH coffee believes that without a brand engagement a business could not catch their customers and sell their unique selling point. And to tell what brand values that they offer, KRAH coffee is using a storytelling strategy.

## 1.2 Research Objectives

This research project explored the influence of storytelling on customer brand engagement which in this case, applied to a coffee shop industry. Specifically, this research project investigated:

1. how storytelling affecting the brand engagement
2. how brand engagement affecting the purchase intention
3. how purchase intention affecting the business growth at coffee shop
4. the relationship between storytelling, brand engagement, and purchase intention affecting the growth of a coffee shop business.

## 1.3 Research Benefits

This research is intended to know the influence of storytelling on customer brand engagement at a coffee shop which will help the managerial and the marketers of a food and beverage industry to use the strategy in order to approach their target market. When the result is identified and proceeded, the marketers especially marketers in the food and beverage industry will know if the storytelling strategy is effective or not and which part is influenced by the strategy.