

CHAPTER I

INTRODUCTION

1.1 Background of the study

Nowadays in the competitive hospitality industry, the customer purchase intention is increasing on the hotel sector not only in room service but at the hotel's restaurant too. The interest of customer can be caused of the desired to buy product offered by the company. Purchase intention is a psychology statement from customers which reflects the purchasing plan of product or services with certain brand. This concept is useful for deep market participants saturated competition. Understanding the customer satisfaction, therefore it could meet customer expectation, directly affect the sales performance. Ability reacting quickly will create higher customer memory which will eventually be creating sales and customer loyalty (Sugianto, 2018, p.391). Customer purchase intention could be influenced by either internal or external factors. According Argawal & Teas (cited in Rohman, 2017, p.3) factor consists of three external factor such as price perception, brand perception and store perception.

Some notions of customer perception according from some experts are as follows: consumer perception is a process which individuals are exposed to information, providing wider processor capacity and interpreting that information (Sunyoto, 2018, p.83). Consumer perception is the process of how stimulants are selected, organized and interpreted. Perception is a procedure by which these sensations are selected, organized and interpreted. Each individual or consumer looks at an object that is the same but with different perceptions. This is caused by the selection process of the number of simultaneous received by individuals.

While the perception map according to some experts, namely Dennis J. Cahill (cited in Sunyoto, 2018, p.83), perception mapping is the technique used to describe the position of offers by the category of special products or services. According to Gultinam Joseph D. Gordon W. Paul, Thomas J.

Madden, 1997 cited in Sunyoto, the perceptual mapping method is a research method used to determine the position of a product or object in two-dimensional form.

Prices are the only element that provide income for organization of the marketing mix. Price is as one of the conditions used by consumers in the perception process, where prices will influence consumer ratings of a product (Ridgya&Natemeyer cited in Rohman, 2017, p.5).

At the point when consumers evaluate and look into the price of a product or services are emphatically influenced by the behaviour of the customer itself. Thus the assessment of the price of a product is said to be expensive, cheap or ordinary for each individual does not have to be the same, because it depends on the perceptions of individuals who are motivated by the living environment and individual conditions. Alternately it will cause dissatisfaction if the perception of price on the products or service are not in accordance with the product's benefits and expectation (Rohman,2017, p.8).

In searching information to order hotels by online or offline, tourists or those who want to stay at hotel always tend to consider the brand. Price is a very important factor in choosing similar product (without differences) on the internet and brands are another one of factor in internet shopping because people care about quality of product and usually brand represents quality. It is widely accepted that trust in the brand is an essential component in customer purchase intention. The same study applies to online dynamics and an important role of consumer in deciding purchase intentions online is trust causing consumer don't feel the product and service experience when buying (Firmanto, 2013 p.2).

The customer's decision making process influences according to Argawal& Teas (cited in Rohman, 2017, p.3) could be influenced by either internal or external factors. Factor consists of three external factor such as price perception, brand perception and store perceptions. Perception maps are one of ways marketers determine where their product really are in the mind of consumer by asking the consumer what are the important product

characteristics and how the consumer's rating on the product / brand is according to various attributes or characteristic. Marketers use this information to build perceptual maps which are a way to build a picture of where various products or brands are "placed" in the minds of consumers (Widjojo, 2017, p.91).

According to Kotler and Keller (cited in Widjojo, 2017, p.88) consumer has three main priorities, which are relevant, different (difference from other brands), and credible. Consumer target on personal relevant, obviously a brand should be truly different and superior from one to another, beside it should be reliable and trustworthy for consumers. The problem to create strong competitive brand position isn't easy.

Branding image is the overall representative on perception of certain brand and past experience that customer experienced on the brand. According to Kotler and Keller (cited in Luftiani, 2016, p.28) brand image as trust and the perception held by consumer, also is imitated in the customer mind. Branding bonds consumers emotionally, which makes it difficult for consumers to change other brands. This has built a brand loyalty, so brand image is what is attached to the minds of consumers when the consumer's mind has formed an inherent thought about the consumer experience of a brand, so that when the consumer hears about a product then the consumer indirectly thinks about the brand.

Determination of branding position must serve market needs and preferences of well-determined targets. The company must communicate and deliver positions chosen in the market effectively (Widjojo, 2017, p.91). Branding has enormous implications, so consumers who already believe in certain brands become loyal and don't switch to other brands. In a product management, branding is a strategy that influences the success of a product on the market. Branding is characterized as a name, symbol, logo, or another unique element that distinguishes a product specifically and different from competitors. A branding influence is characterized by a variety of convenience to say, spell, read and remember. In addition, branding must match the intended market, the benefits of the products offered, consumer

culture, and applicable legal requirements. A company will register the mark it has, so that it has a trademark that provides legal protection for companies using the branding.

Various strategies and ways of promotion are carried out to attract guests and increase visit at hotels. Certainly between hotels one with the other hotel has its own strategy and ways promotion. Medan is one of the tourist destination cities visited by many tourists both local and foreign, this makes it many hotels stand in this city. The number of hotels in Medan city produces the rise of various kinds of promotions, every hotel generally shows a variety of products and services along with it certain packages at competitive prices. Not infrequently hotels it changes the type of promotion on a regular basis to make it more attractive to consumer perceptions, within certain periods of time these hotels can provide various promotions usually adapted to market situations and interests. But whatever the strategy and the ways of promotion and branding carried out by each hotel, the main purpose is the same, which is to attract guests to come and enjoy the hotel facilities offered and in the end gave profit to the hotel.

According to Dewi, the secretary of PHRI (*Perhimpunan Hotel Restoran Indonesia*) personal opinion Grand Aston City Hall Medan is still her favourite hotel among other five stars' hotels in Medan. The opinion was made because of the hotel located at the prime location which is at Zero (0) kilometres of Medan City, the interiors, quality of product and service, and they have the icon of *Balai Kota* Heritage. They managed D'Heritage well to becoming a restaurant and keep D'Heritage as it is, therefore consumers could enjoy the interior of D'Heritage left by the Dutch colonial. Grand Aston City Hall is one of the member of PHRI from around 200 members in Medan. PHRI itself engaged in issued letter of recommendation to hotel & restaurant. The succession of the hotel in Medan because of the room and facilities equal to the quality of five stars' hotel, in the other hand restaurant is also the crucial factor why the hotel could success.

The food & beverage department as part of handling food and drinks for guest, it could be a determinant for a hotel to be categorized as a star

hotel (Rahardjani, 2017, p.2). This have a positive impact on hotels succession causing it provides many benefits for the hotel especially the financial incomes.

D'Heritage restaurant itself has quite customer in a day there are an average of 30 visitors in it, with the majority ranging from 20 visitors during the day and 10 visitors at night. Moreover, on the *bukappuasa* and Idul Fitri the customer will surpass 30 visitors for the buffet.

Table 1.1 Data of Sales per year at D'Heritage Restaurant

Years	Sales Index	Increase per year
2015	25.68%	-
2016	28.33%	2.65%
2017	35.44%	7.11%
2018	38.15%	2.71%

Source: Grand Aston City Hall Medan, prepared by writer (2019)

According to the data from 2015 to 2018, there's significance sales increase per year from 25.68% to last year 38.15%. The high customer purchase is on 2018 with 38.15%, As the result it concluded every year the sales of D'Heritage Restaurant is increasing roughly 7% from 2015-2018 which mean the restaurant successful attract consumers.

From the perspective of the Grand Aston Medan Public Relations the succession of the restaurant because of the branding in various promotion from the hotel and reasonable pricing set by the management which lead to increasing the customer purchase intentions. In additions, D'Heritage itself could gain revenue from birthday, corporate, and weeding event to boost their revenue.

According to Michell&Maric (2014), resulted since the product on the research are consider as a luxury product, price doesn't influence on purchase intention. Meanwhile quality has assumed a significant job on it. The concern was lack of service, but in this study it didn't become a variable in this study.

As the research conducted by Cheng (2017), stated price has significant effect on purchase intention however brand does not have significant effect on customer purchase intention.

As the thesis conducted by Luftiani (2016), the the research showed that both price perception and brand are important while as the result, it will impact on the customer desire to purchase product at the restaurant.

As the result in these three above researches, the researcher will analysis both perception of price and branding influences towards customer purchase intentions.

Based on these descriptions and reasons, the authors expected to conduct with the title **"INFLUENCES OF BRANDING AND PRICE TOWARDS CUSTOMER PURCHASE INTENTION AT D' HERITAGE RESTAURANT MEDAN"**

1.2 Problem Limitation

Due to the scope of this thesis, it has several limitations of perceptions and branding. This research focused on price and branding influence towards customer purchase intention, which the research author bases on Medan. The author would like to set up Grand Aston Hotel in here that could take advantages from customer resources who are respondent. And especially for researching at D'heritage restaurant in Grand Aston Hotel Medan.

The research is using three variables which are perception price (X1), branding (X2), and purchase intention (Y). The variables are as follows:

The variable of price perception with the indicators include:

1. Price compatibility with benefits obtained by customers
1. Price compatibility with quality obtained by customers.
1. Affordability price felt by customers

Branding variable with brand a measure by four indicators include:

1. Proudly in using a product or service
2. Prestige when ever using a product or service
3. Feel safe when using a product or service,
4. High service / product and service quality

The variable of customer purchase intention, purchase intention can be measured according to level of seriousness to purchase product, such as:

1. the intention of consumer to buy the product
2. the intention to consider buying the product seriously
3. the possibility of them to actually buy the product

1.3 Problem Formulation

According to the background and identification of the problem on the research, the problem formulation is formed as follows:

1. Does price perception influences customer purchase intention at D'heritage restaurant?
2. Does branding perception influences customer purchase intention at D'heritage restaurant?
3. Does price and branding perception influences customer purchase intention at D'heritage restaurant?

1.4 Objective of The Research

According to the description & backgrounds of study mentioned on the research, the research objective to be achieved:

1. To analyse price perception influence customer purchase intention at D'heritage restaurant?
2. To analyse branding perception influences customer purchase intention at D'heritage restaurant?
3. Does price and branding perception influences customer purchase intention at D'heritage restaurant?

1.5 Benefit of The Research

1.5.1 Theoretical Benefit

Theoretically, the result of this research is expected can added value to become a reference of the influence of perception and branding influences and the customer purchase intention research and contributed to the education.

1.5.2 Practical Benefit

1. For Universitas Pelita Harapan

The result of this research may increase the literature reference of the influence of perception and branding influences and the customer purchase intention.

2. For company

The outcome of the research can be used as a reference thought for management to manage company resources more optimal, open and transparent in order to further improve branding and price perception about their Hotel and a behavioural intention which is revisit intention in the service industry.

3. For author

This research can be used as applying the knowledge that has been obtained during the lecture on the university and can do a comparison between the theory have learned on the university and the reality. It can have expected author to gain more knowledge on the site after conduct the research.

1.6 System of Writing

CHAPTER I: INTRODUCTION

The first chapter consists of background of the study, this research is based on the phenomenon factor influences the succession on D'heritage Restaurant of roughly 7% improvement from 2015 to 2018 of customer purchase intention. Based from the PR of Grand Aston Hotel the factor of customer purchase intention increase causing of the branding in various promotion at D'heritage restaurant and the reasonable setting price they set to adapt the market. The objective of the research is to achieve the influence of price and branding perception toward customer purchase intention. The references are expected to find are the branding and price perception are one of the majority factor of key succession on customer purchase intentions at D'Heritage Restaurant.

CHAPTER II: LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The chapter contains theoretical background consist of grand theory about perception, branding influence, and customer purchase intention. There are five previous researchers which this research refers to. For the hypothesis it consists of two hypotheses. Research model consist of price perception (x), branding perception (x) and customer purchase intention (y). Framework of thinking consist of background of study, problem formulation, theoretical background, and hypothesis development.

CHAPTER III: RESEARCH METHODOLOGY

Chapter three contains research design that is quantitative research and using descriptive analysis. Population and sample is taken from consumers who has experienced on Grand Aston City Hall hotel precisely at D'Heritage restaurant. The research is using three variables which are perceptions of price perception (X1), branding (X2) and customer purchase intention (Y) using questionnaire as the instrument. Following with Instrument test, classic assumption test, and hypothesis test.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

The overview of company background, vision and mission, and the company structure will be on the first part on this chapter. This section an analysis of the results of data processing gather from D' Heritage restaurant and processed through SPSS 23 application. The result of the analysis consists of descriptive statistic, data quality testing result and hypotheses testing result. Discusses regarding on influence of the price and branding perception influence towards customer purchase intention at D'Heritage restaurant.

CHAPTER V: CONCLUSION

Chapter five consist of several conclusions which the author has conclude from findings. The first results are the influences between perceptions of price towards customer purchase intention, second the influences between branding towards customer purchase intention. Suggestion including recommendation for next researchers.