

CHAPTER I

INTRODUCTION

1.1 Background of the study

The culinary business is a business opportunity that does not recognize crises, is quite promising and profitable compared to other sectors. It was due to the people's demand for food that will never end, and that food is a basic need that everyone must fulfil to maintain their survival. Busyness and high mobility make people who live in urban areas need a place to release the fatigue after their monotonous daily routine.

Activities carried out to relieve fatigue are usually carried out by relaxing, eating, drinking, listening to music, or just gathering and chatting with relatives or friends. Coming to a café then has become a lifestyle or habit. The practice of coming and gathering at a shop or café then becomes an excellent opportunity for business actors who are interested in this field. Currently, the café business in the city of Medan is increasingly in demand by all society levels. The existence of various cafes and restaurants with diverse business themes has made it essential for many foodservice business players to be more competitive, innovative, and inventive. Creating distinctions and distinctive features appealing to customers will dominate the market share and maximize company profits for good.

Data from the Central Bureau of Statistics for the City of Medan in 2020 shows that businesses and restaurants' growth according to districts in Medan City for the

period 2016-2018 continues to increase. The following is the data on developing the number of café and restaurant businesses by district in Medan city in 2016-2018.

Table 1.1 Development Data on the Number of Café and Restaurants by District in Medan City 2016-2019

No	Subdistrict	2016	2017	2018
1	Medan Tuntungan	10	10	10
2	Medan Johor	27	28	26
3	Medan Amplas	17	17	16
4	Medan Denai	13	13	8
5	Medan Area	50	50	51
6	Medan Kota	25	116	155
7	Medan Maimun	81	88	80
8	Medan Polonia	115	118	117
9	Medan Baru	65	69	79
10	Medan Selayang	70	70	64
11	Medan Helvetia	31	31	36
12	Medan Barat	73	79	102
13	Medan Petisah	160	165	210
14	Medan Sunggal	64	66	62
15	Medan Timur	55	55	64
16	Medan Perjuangan	12	12	12
17	Medan Tembung	13	14	16
18	Medan Deli	9	9	6
19	Medan Labuhan	1	1	4
20	Medan Marelan	10	10	15
21	Medan Belawan	6	7	8
Total		907	1028	1141

Source: Medan tourism authority (2020)

Table 1.1 above shows that the growth in the number of café and restaurant businesses in Medan City is classified as increasing. The data indicates a rise of 13 percent from 907 business actors to 1028 business actors in 2017 from the previous year and 11 percent increases to 1141 business actors in 2018.

To win the increasingly competitive competition, a company must consider what makes customers interested in their company. (Schiffman & Wisenbilt, 2019) state that customer purchase decision is a person's decision to choose from several alternative options. Customer purchasing decisions are essential in a company's progress because the more significant the consumer wants to buy a product or service in a company, the more excellent its opportunity to get profits and regular customers.

Quality products are essential in assessing customer purchasing decision . (Kotler & Armstrong, 2017) state that "Quality is all the characteristics of a product or service that influence the capacity to meet specified or implied needs." A product is described as a quality if it can provide the consumers with complete satisfaction. The restaurant's main product is food, covered with consumers' primary purpose coming to a restaurant to eat. The quality of food must be the principal value that is maintained to satisfy consumers. (Potter & Hotchkiss, 1995) state that "Food quality is a characteristic of acceptable food to consumers, including external factors such as size, shape, colour, consistency, texture, and taste of the food." (Vicky, 2019) also note in their research that food quality has become a central part of the overall restaurant experience so that food quality can be a significant factor influencing the purchasing experience.

There are many ways that companies can do to increase consumer purchases decision, one of which is also by providing better and more satisfying service than other competitors. For manufacturing and product-oriented organizations such as food organizations, services can be an essential means of differentiation, mainly if they

operate in markets with little product differentiation or where product development is slow, complex, expensive, or short-lived. According to Kerin & Hartley (2017), "Service quality is an indicator of how well the standard of service offered can satisfy the customer's standards." There are five dimensions in determining the proportion of good service quality: responsiveness, empathy, tangibles, assurance, and reliability (Zeithaml et al., 2018).

Service quality can be identified by comparing consumers' perceptions of the services they receive in a company. According to Tjiptono. & Chandra (2016), if the service received and felt is expected, service quality is perceived as fair and satisfying. Conversely, if the service received is lower or below than expected, the service quality provided can be perceived as bad.

The effects of exemplary service on creating valuable customers, increasing customer retention and loyalty, and attracting other customers and the financial position of an organization are important. Service quality is not only including employees' services, but it also contains aspects of speed and accuracy of employees in responding to consumers, comfort in the atmosphere of the place, how the employees dress, and employee friendliness. If a company can provide good service, then directly or indirectly, its service image will be widespread because of perceived satisfaction. Customers will convey to other customers (word of mouth), and the company can attract additional customers to visit and try their food. There will be a repeated purchase, which will ultimately increase company sales.

Thirty-six is one of the cafes in Medan, which is located on Jl. Multatuli No.36. The café was famous for its western food and its specialty in coffee and consist of an air-conditioned indoor place for non-smoking customers and an open space behind the house for customers who want to smoke. It has a large parking area, simple interior designs that give customers an easy and homey, comfortable feel. It's also what makes this café one of Medan's famous and stylish hang-out places with family and friends.

The business, of course, expects high purchasing decisions from the customer. With a high purchasing decision, a company will increase sales volume and achieve its sales target. As a result, company profit will increase, and the business will inevitably run smoothly in the future. However, sales data at Thirty-six Café Medan in 2020 fluctuated. If this phenomenon is left unchecked amid increasingly high business competition, it is feared that visits will continue to decline. A decrease in the level of visits indicates weak purchasing decisions (Lestaria & Yusuf, 2019).

Several complaints from customers concerning the quality of food and the service quality provided by the Thirty-six Café also presented by customers. Based on the review that got from the internet site, the café needs to pay attention to the food served to the customer.

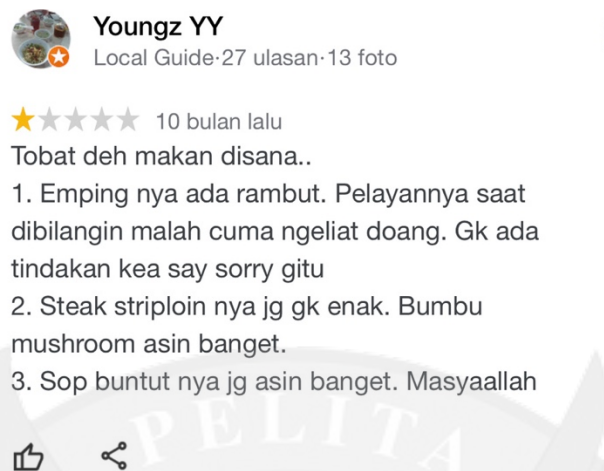


Figure 1.1 Thirty-six café Medan Food Quality Review

Source: Google Review

Figure 1.1 above shows one of the customers complains about the food served by the café. The review is about there is a hair in their food or the food that is just so salty. If the food offered by Thirty-six café is inconsistency and more expensive than other equivalent cafes, then consumers will think again to make purchases at Thirty-six café. This will result in Thirty-six café losing customers due to switching to other competitors. If this happens, the customer purchasing decision at the cafe can be below average.

The café also needs to improve the quality of service they provide so customers can come back and decide to buy at their restaurant. Several customer complaints are related to the quality of service offered by Thirty-six café, such as the length of time waiting for orders to arrive, employees who are not friendly and smile at customers, and some do not even speak when asking for orders. This can be seen in the comments in google reviews and Thirty-six café's Facebook page.

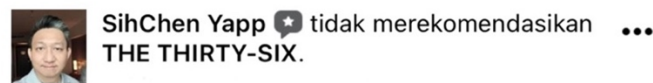


Figure 1.2 Thirty-six café Medan Service Quality Review

Source: Thirty-six Café's Facebook

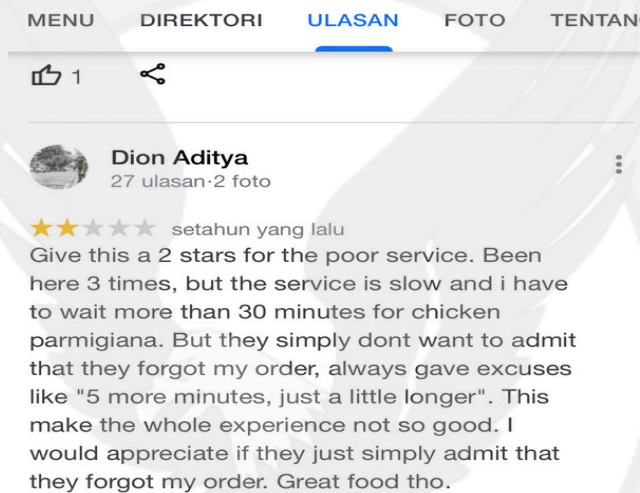


Figure 1.3 Thirty-six café Medan Service Quality Review

Source: Google Review

The comments above show that there is an indication of a problem, even though what people review from the internet is not necessarily true, but this is an initial reference for more in-depth examination by researchers. From the explanation and reason above, the researcher is interested in examining in more depth, analyzing, and writing it in this thesis entitled "**The Influence of Food Quality and Service Quality Towards Customer Purchase Decision at Thirty-six café Medan.**"

1.2 Problem Limitation

A specific discussion of the issues addressed is required in each study so that the problem's discussion is not too broad. In this study, the researcher seeks to clarify whether the food served at the café is inconsistent and the employees there do poor services to the customer. The variables used and discussed in this study are Food Quality, Service Quality, and Customer Purchase Decision. The research object will only be limited to one of the cafes in Medan city, the Thirty-six café located in Jl. Multatuli No.36.

1.3 Problem Formulation

1. How is the food quality, service quality, and the customer purchase decision at Thirty-six café Medan?
2. Does food quality has influence toward customer purchase decision at Thirty-six Medan?
3. Does service quality has influence toward customer purchase decision at Thirty-six Medan?
4. Does food quality and service quality influence customer purchase decision at Thirty-six Medan?

1.4 Objective of research

The objectives of this research are:

1. To evaluate the food quality, service quality and customer purchase decision at Thirty-six café Medan

2. To discover whether food quality has influence toward customer purchase decision at Thirty-six Medan
3. To discover whether service quality has influence toward customer purchase decision at Thirty-six Medan
4. To discover whether food quality, service quality has influence toward customer purchase decision at Thirty-six Medan

1.5 Benefit of the research

1.5.1 Theoretical Benefit

Theoretically, the outcome of this study is expected to be useful to strengthen then theory about factors affecting customer purchase decision, especially about the influence of food quality and service quality toward customer purchase decision

1.5.2 Practical Benefit

The practical benefit expected from this research are as follow:

1. For the writer

This research is useful to increase experience, knowledge, and insight and hone the ability to analyze problems in the field so that later all these things can be useful and used in the world of work.

2. For the company

This research is expected to be used as additional information that can be considered by the company to determine future policies.

3. For the other researcher

Research results are expected to be knowledge and reference for future researchers who wish to research with the same title.

