

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Nowadays, the competition of the business sectors is very fierce. It can be observed that a lot of businesses are competing. In managing business, it is necessary to assess and gain knowledge as well as information of what the customers or organization truly needs (Putra, 2013, pp.1). Therefore, every business company should have their own strategy and innovation to attract their customers and conquer the business world. The purpose of innovation is to get an improvement in the product quality, expanding product, and enter the new market. The only key of winning in this fierce competition is by giving value and satisfaction to customers through the delivery of unique products and good services quality at competitive prices.

As we all aware, human's basic needs are food. Food gives us energy to perform activities, as the time goes by, culinary business became one of the popular business in the society (Alhamid, 2016, pp.1) The development of culinary business especially in Indonesia has grown rapidly which also results in intense competition between culinary business.

This requires business owners to keep on innovating to attract the customers. Not only innovation is enough, but however business owners must also be able to market products by means of promotion, word of mouth or online media such as Instagram, Facebook, etc. (Sarijani, Endang et al. 2014)

Nowadays there are a lot of restaurants that adopt the same theme, serve the same dish, and have almost similar price list. This causes the competition between the restaurants became fiercer. When operating a culinary business, the business owner should optimize the taste of each food or product that they provided. This becomes one of the main determining factors for achieving success in the culinary sector. Generally, food processing always strives to produce good quality products. A business venture especially in the culinary field must issue the product accordingly with the needs and wants of consumers so the product is able to compete in the market, thus allowing consumers to have alternative products before making the decision to purchase a particular product offered.

There are some indicators for winning the competition between restaurant which is by producing good food and services for their customers. Only by applying those aspects a restaurant can continue to operate and winning the competition. Back in the day when Ayam Penyet first appeared in Medan, it has become a popular choice of cuisine for everyone since then more and more Ayam Penyet restaurants have appear and operates in Medan.

The popularity of this cuisine has made an impact to the culinary business which people are starting to expand and franchising the Ayam Penyet outlet and one of the best Ayam Penyet Restaurant in Medan is Ayam penyet Cabe Hijau (Sunggal Branch) located at jalan Sunggal no 270.

This restaurant first opened at 2017 which is an expansion from their first branch of Ayam Penyet Cabe Hijau located at Jalan Gatot Subroto kecamatan Sunggal. Built with new design and great ambience which makes it different from the first outlet. The design is based on the tropical garden concept, which is also decorated with wooden vintage furniture and antiques which creates the unique yet refreshing atmosphere for the customers.



**Figure 1.1 Restaurant Ayam Penyet Cabe Hijau (Sunggal branch).**

Source: Restaurant Ayam Penyet Cabe Hijau Sunggal Instagram

This restaurant has a variety of menus starting from chicken, duck until seafood. Their signature dish includes *ayam penyet* itself, *ikan gurami goreng*,

*udang petai*, etc. This restaurant also provides delivery service by contacting through the phone number or also accessible by the application grab using the grab – food service. This restaurant is also nominated as one of the most popular Ayam Penyet restaurant in Medan considering from the taste and design of the restaurant, as it was published in the food blogs and news websites such as Tribun Medan and YouTube. This restaurant is also often visited by public figures from influencers, governments, also actor and actress which increased its popularity even more.



**Figure 1.2** A Photo of Medan's ex- vice mayor visiting the restaurant.  
*Source: Restaurant Ayam Penyet Cabe Hijau Sunggal Instagram*



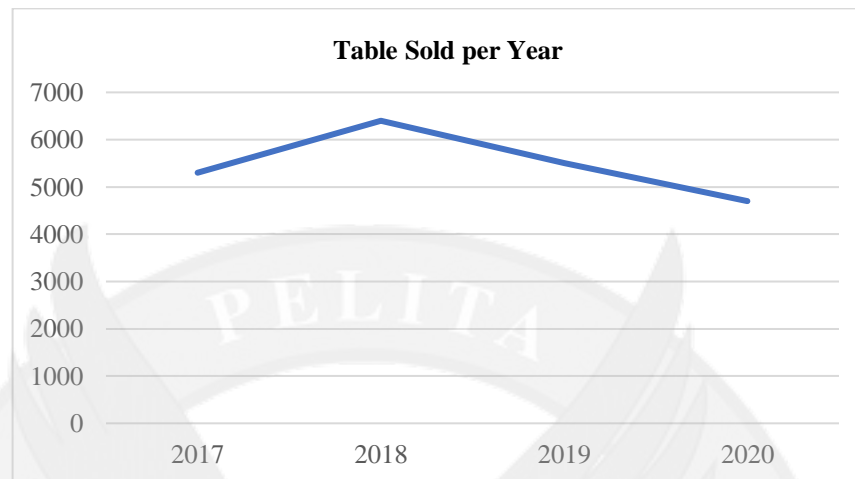
**Figure 1.3 News article about restaurant Ayam Penyet Cabe Hijau Sunggal**  
Source: Tribun-Medan news website

To analyze the customer purchase decision at Restaurant Ayam Penyet Cabe Hijau at Medan (Sunggal Branch), it can be seen by the following figure about the sales revenue in September 2020 until May 2021.

**Table 1.1 Sales Revenue / month in 2020 - 2021 at restaurant Ayam Penyet Cabe Hijau Sunggal**

Month (Year)	Revenue
September (2020)	Rp.52.500.000
October (2020)	Rp.49.000.000
November (2020)	Rp. 56.000.000
December (2020)	Rp. 60.300.000
January (2021)	Rp. 62.000.000
February (2021)	Rp. 58.000.000
March (2021)	Rp. 70.000.000
April (2021)	Rp. 65.000.000
May (2021)	Rp. 68.000.000

Source: Data from restaurant Ayam Penyet Cabe Hijau Sunggal



**Figure 1.4 Graph of the tables sold / year at restaurant Ayam Penyet Cabe Hijau Sunggal**

Source: Data from restaurant Ayam Penyet Cabe Hijau Sunggal

Based on the sales revenue data above, it indicates that there is an escalation of sales revenue in December 2020 which it has surpassed the sales of earlier months but in February 2021 as we can observe from the table, there is fewer sales revenue and for the next 4 months the sales are increasing and decreasing which is not stable. This may be caused by several factors such as problems on the food quality, also the service provided in the restaurant. Because of the tight competition among the restaurant nowadays, customers are more vulnerable to switch to other restaurants.

As shown by the figure below, there are some reviews of restaurant Ayam Penyet Cabe Hijau (Sunggal branch) taken from google. The reviews mentioned about the bad restaurant service and bad food quality



**Table 1.2 Data of Customer's review obtained from Google Review.**

Source: Google Review

Num.	Name	Rating / 5	Review	Remarks	Lack of
1	Denny Roy	1 / 5	<i>Rasa makanan tidak enak, harganya terlalu mahal dan pihak restoran tidak menjual air putih dalam gelas melainkan air mineral dalam kemasan. Ketika meminta air hangat kamu harus meminta pelayan untuk memanaska air mineralnya.</i>	<i>Rasa makanan tidak enak, harganya mahal, tidak menyediakan air putih yang dijual dalam gelas.</i>	Food Quality
2	Wan Ventuno	1 / 5	<i>Ketika di depan restoran pelayan mengatakan bahwa masih ada tempat tersisa untuk duduk, dan Ketika sudah sampai di dalam ternyata tidak ada tempat dan tidak ditanggapi akhirnya terpaksa Kembali lagi ke depan.</i>	<i>Pelayan tidak memeriksa dengan baik dan kurang responsive dan bertanggungjawab</i>	Restaurant Service
3	Shobir Shobir	1 / 5	<i>Menyesal makan di Restoran Ayam Penyet Cabe Hijau cabang Sunggal Medan. pelayanannya lambat, pesannya pending tapi tidak diinfokan dan nasinya kurang matang, dan lebih nyeselnya lagi rasanya kurang enak dan mahal.</i>	<i>Makanan yang disajikan belum matang, dan tidak enak. Pelayanannya lambat.</i>	Food Quality and Restaurant Service
4	Tos Rianto	1 / 5	<i>Rasa jus Terong Belandanya asam.</i>	<i>Rasa minuman yang tidak sesuai.</i>	Food Quality
5	Hendria Wan	1 / 5	<i>Makanan yang disajikan kurang nikmat.</i>	<i>Rasa makanan tidak enak.</i>	Food Quality
6	Neni Viona	1 / 5	<i>Rasa makanan serba asin dan pelayan tidak friendly atau tidak senyum saat melakukan pelayanan.</i>	<i>Rasa makanan tidak pas, pelayan tidak friendly.</i>	Food Quality and Restaurant Service
7	Fhatur Rohman	2 / 5	<i>Pelayanannya kurang, ketika buka puasa turun hujan tidak dibantuin melainkan lari.</i>	<i>Pelayan tidak cekatan.</i>	Service Quality
8	M hom	2 / 5	<i>Rasa makanan lumayan, kue cubitnya enak, tempatnya asri, poin minusnya karena musiknya yang bisung serasa di kondangan dan</i>	<i>Pelayan tidak memeriksa kesediaan fasilitas.</i>	Service Quality

			<i>tukang parkir yang malakin minta 4 ribu.</i>		
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Source: Data from google review

Thus, by the major role of food quality and restaurant service, the writer decided to conduct the research titled as “The influence of Food Quality and Restaurant Service on Customer’s Purchase Decision at Restaurant Ayam Penyet Cabe Hijau (Sunggal Branch) in Medan”.

## 1.2 PROBLEM LIMITATION

Customer purchase decision is influenced by many factors. However due to the time limitation, the writer would have to limit the research as:

- a. This study limits the target of the research which is at Restaurant Ayam Penyet Cabe Hijau (Sunggal branch) Medan, located at jalan Sunggal.
- b. Focus on variables such as: Food quality, Restaurant service as independent variable and Customer purchase decision as the dependent variable.
- c. Data or information gathered is by using online distributed questionnaires to customers at restaurant ayam penyet cabe hijau Sunggal branch, in Medan.



### **1.3 PROBLEM FORMULATION**

Based on the background of the above problems, it can be concluded the formulation of the problem as follows:

1. How the food quality has a significant influence on the customer's purchase decisions at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan?
2. How the restaurant service has a significant influence on the customer's purchase decisions at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan?
3. How food quality and restaurant service have a simultaneous significant influence on customer's purchase decision at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan?

### **1.4 OBJECTIVE OF THE RESEARCH**

1. To analyze and determine the significant influence of food quality on customer purchase decision decisions at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan.
2. To analyze and determine the significant influence of restaurant service on customer purchase decision decisions at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan.

3. To analyze and determine the simultaneous significant influence between food quality and restaurant service on customer's purchase decision at restaurant Ayam Penyet Cabe Hijau Sunggal branch in Medan.

## **1.5 BENEFITS OF THE RESEARCH**

### **1.5.1 THEORETICAL BENEFIT**

1. Increase knowledge in the field of product and service qualities.
2. The results of this study are expected to be a reference for further similar topic research regarding the perceptions of product and restaurant service qualities in a restaurant.
3. As a reference material in supporting similar research on perception for another researcher to use.

### **1.5.2 PRACTICAL BENEFIT**

1. It is hoped to be able to provide a discourse for any parties to find out more clearly about qualities of food and restaurant service in a restaurant.
2. Contribute to further researchers who will examine the same problem that has not been examined in this study.
3. It is hoped to be used as a foundation for researcher who are studying similar topic.
4. The benefits of this research for the manager of Ayam Penyet Cabe Hijau expected to assist in determining business marketing measures.

