

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Culinary industry has been growing rapidly including in Indonesia. Despite of any specialization in culinary field, it triggers mostly everyone to involve in it. Starting from young age until elderly, also for household and businessman and woman, would catch this opportunity as a hobby or even part time job. Moreover, if it can be earned as additional income. This condition might be responded unfair by culinary entrepreneurs as they have put hard work and consideration to enter this culinary and business field of study. Many startups have been able to execute well, either in terms of food, sales and promotion, marketing strategies, etc. that they can work on it to attract people attentions.

Businesses are not apart from development. Being creative and upgrading what they are supposed to conduct, is one of the keys to make them stand out from other competitor so people would keep an eye on them as well. Moreover, when customer have their taste and preference suit on the company, they are likely to have higher expectation on those brands and would like to try and experience what is new that company have offered for the customer.

Once a company successfully get customer, implying strategies to attract larger target market will be very beneficial and not bordering them from getting more customer. Many customers would only love on how the product quality served on them. They might love the taste, serving, menu varieties, ambience, etc.

which can lead them to always think of the company when they have to choose what to have for their meal.

According to Limpo et al. (2018), product quality can be measured through consumer's evaluation with the attributes contained in a product which believed can fulfill the needs and give advantage for them. The majority of consumers strive for a certain degree of consistency in the goods they purchase. A consumer assesses the quality of the goods under consideration to see whether they satisfy the requirements. When a component fails to meet expectations or malfunctions for the user, the client has the option of terminating the relationship with that product's provider and switching to another (Pride & Ferrell, 2016, p.227).

However, through the tight business competition, companies have to think on strategies to survive, develop, and increase the sales. One of the marketing activities which is promotion, by sounding off their specialty menu, what other gives review about their dishes, newest seasonal menu, discounted items, bundle packages, and more ways can be done as well. In those ways, people would at least aware and get familiar with the company. Furthermore, it might result on sales growth.

As times pass by, this modern era can be interpreted easily through its technology provided for every single person including any business runner. Through its effectiveness, promotion is no longer must be done offline. Social media provision such as Instagram, Facebook, Grab, etc. must have been an easy

tool for the company to hold promotion nowadays. Therefore, it is one of the sources and chances to attract more customers.

According to Rahman & Sitio (2019), promotion is the activity of marketing through a communication process in which company tries to deliver information, convince and bring customer to mind about the product. Consumers are educated by advertising, which provides us with the knowledge we need to make intelligent purchasing decisions. Consumers get more knowledgeable about product characteristics, advantages, functions, and value through evaluating information and advertising claims (Allen et al., 2018, p.79). These alerting actions about promoted product are included as strategy formation. As a result, they have the eagerness to purchase and being faithful with the product and the company. Promotion might not be someone's need but the concept of marketing itself, is able to attract consumer well.

The existence of good product quality and promotion highly effect the customer purchase decision. It happens frequently when customer have to decide to purchase the product or not. Many factors that involve as consideration for customer to experience something new. In fact, customer have some preferences throughout the purchase decision process before and until the decision being done. Nowadays, many similar products produced by one competitor toward the others. It can be seen through the trend that might be the most happening on that time. Therefore, every company also try to follow and create it with their own specialty. Once customer have to choose which company they should go to, then the best and most beneficial one will win.

Table 1.1 Competition among Chinese Seafood Restaurant in Medan

No.	Brand	Google Rating
1.	Restaurant Wisma Benteng	4.5
2.	Restoran Ria	4.5
3.	Ji Long Chinese Restaurant	4.7
4.	Hee Lai Ton Restaurant	4.4

Source: Data from Google

The evolving culinary business among entrepreneurs create tight competition, one of which that experience this situation is Jumbo Seafood Restaurant. Legendary restaurant, including Jumbo Seafood Restaurant which has been established since 1981, have to compete over each other to win and overtake the top position in the market. It can be seen by the types of similar dishes served of one to the other. In surviving, developing and succeeding their company in this situation requires missions and strategies which are innovation for them to keep updated with the latest trend.

In order to reflect the customer purchase decision at Jumbo Seafood Restaurant. The following figure shows the number of tables served from the year of 2016 until 2020.

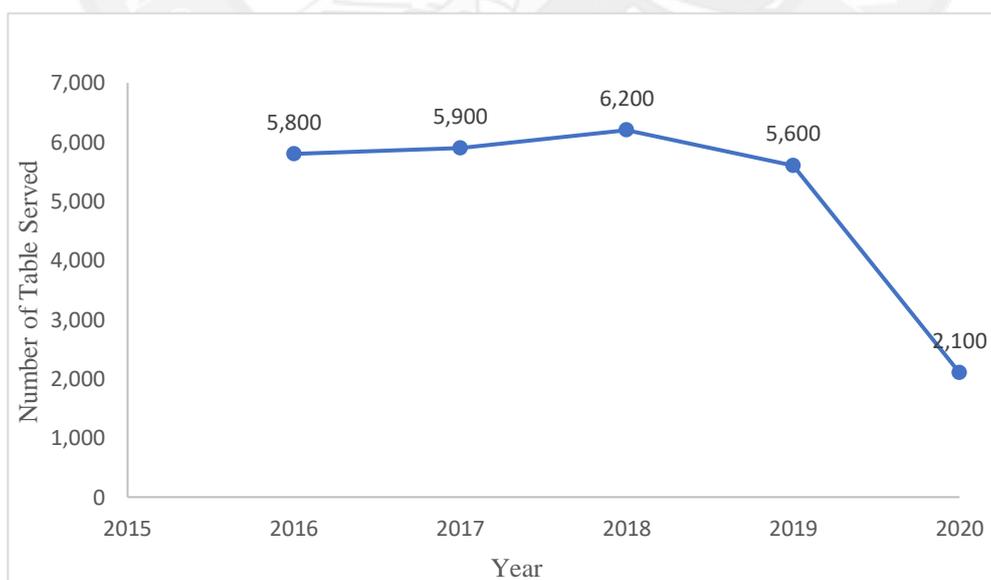


Figure 1.1 Yearly Table Served from 2016 to 2020

Source: Data from Jumbo Seafood Restaurant

Based on graphic above (Figure 1.1), it shows the escalation of table served on customer of Jumbo Seafood Restaurant from 2016 until 2018. Then at the year of 2018 to 2019, it shows a reduction on number of tables sold by 600 tables. By the year of 2020, as most of people know that the Covid-19's pandemic affects most of business sectors including Jumbo Seafood Restaurant. It can be seen from the Figure 1.2 that it drops for more than half of the number of tables served compared to 2019 by 62.5%.

In today's corporate world, marketing tactics are critical as it shows how well a company successfully managing and overcoming the competition in the market. Therefore, customer in purchase decision which act as dependent variable will reflect how well those implemented marketing tactics in a company. Customer purchase decision happens when customer has decided their choices throughout several alternatives as it concerned on the product quality and promotion as the independent variables.

One of the main and important factors that has huge influences on customer purchase decision is the product quality. When a customer feels that a product has excellent quality, he or she is more willing to make a purchase (Herawati et al, 2019). While on that, as seen on the google review on Figure 1.2 and 1.3, it is posted regarding the decreasing quality of Jumbo's dishes, prawn size including the old style of the restaurant.



Figure 1.2 Review about Jumbo Seafood Restaurant
Source: Google Review (2021)



Figure 1.3 Review about Jumbo Seafood Restaurant
Source: Google Review (2021)

Concerning about the Covid-19 pandemic that affect all the industries up until today, customers must have been very selective in choosing restaurant to dine in and also considering the economic level that every household face. This situation is crucial for company to develop the right tools to encourage their customer purchase decision to survive. Therefore, one of the ways to chase themselves up are from on-trend promotion that supposed to be a great choice to build greater connection between customer with the restaurant.

However, as the writer observes, the existence of Jumbo's promotion program that can be seen from their Instagram page which are discount program by using credit card, does not catch much attention from public. It is only posted

and seen on the “tagged” field (Figure 1.4) which mean it is not posted by Jumbo themselves on their page. As a result, people would barely notice if they do not specifically check about it. In addition, this condition is also supported through the preliminary research’s result shows that many people still do not know or unaware about Jumbo’s promotion. While, according to Brata et al. (2017), promotion has a great level of relationship which implying that the larger the promotion, the more convinced the client is in their product purchase decision.



Figure 1.4 Jumbo Seafood Restaurant’s Promotion as Posted on Instagram
Source: Jumbo Seafood Restaurant (2021)

Therefore, in order to know whether product quality and promotion play significant role on the problem also considering the tight competition among culinary businesses and the great development of varieties on food and drink, the writer decides to conduct the research of **“The Influence of Product Quality and Promotion on Customer Purchase Decision at Jumbo Seafood Restaurant, Medan”**.

1.2. Problem Limitation

Many factors may contribute and influence on customer purchase decision. The possible factors are service quality, price, brand image, product quality, promotion, and more. However, due to the limitation of time, skill, budget and knowledge, the writer would like to limit the research to:

1. The research will take place at Jumbo Seafood Restaurant which located at Jalan Putri Hijau No. 8 Medan.
2. The gathered data will be conducted by survey which is distributing online questionnaires for Jumbo Seafood Restaurant's consumers.
3. The research focuses on the product quality and promotion as independent variables and concerning the problem arise on customer purchase decision which act as dependent variable.
4. The indicators of product quality according to Tjiptono (2019) are performance, features, reliability, conformance to specifications, durability, serviceability, aesthetic, and perceived quality.
5. The indicators of promotion according to Wibowo & Widjajanta (2019) are advertising, personal selling, sales promotion, public relation, and direct marketing.
6. The indicators of customer's purchase decision according to Prasath & Yoganathen (2018) are need recognition, evaluation of alternatives, purchase decision and post purchase behavior.

1.3. Problem Formulation

The following are the research questions that this research aims to answer:

1. How is the product quality of Jumbo Seafood Restaurant, Medan?
2. How is the promotion of Jumbo Seafood Restaurant, Medan?
3. How is the customer purchase decision at Jumbo Seafood Restaurant, Medan?
4. Does product quality have influence on customer purchase decision at Jumbo Seafood Restaurant, Medan?
5. Does promotion have influence on customer purchase decision at Jumbo Seafood Restaurant, Medan?
6. Does product quality and promotion simultaneously have influence on customer purchase decision at Jumbo Seafood Restaurant, Medan?

1.4. Objectives of the Research

This objective of this research study is aimed:

1. To evaluate the product quality of Jumbo Seafood Restaurant, Medan.
2. To describe the promotion of Jumbo Seafood Restaurant, Medan.
3. To understand the customer purchase decision of Jumbo Seafood Restaurant, Medan.
4. To determine the influence of product quality on customer purchase decision at Jumbo Seafood Restaurant, Medan.
5. To identify the influence of promotion on customer purchase decision at Jumbo Seafood Restaurant, Medan.

6. To investigate the influence of product quality and promotion simultaneously on customer purchase decision at Jumbo Seafood Restaurant, Medan.

1.5. Benefit of The Research

1.5.1 Theoretical Benefit

As addition to existing knowledge, this research study can provide valuable and better framework in understanding the process of customer purchase decision, allowing reader to understand well about the role of product quality and promotion on customer purchase decision, and giving broad insights about the importance of product quality and promotion. This result study will help the practitioner in applying the theory available towards business.

1.5.2 Practical Benefit

Following are the benefits aim to be achieved in this research study:

1. Providing writer in gaining experience and knowledge about product quality, promotion and customer purchase decision. Moreover, it aims to help the writer in obtaining insights and understand more regarding the concept of real-life business.
2. Facilitating company in figuring out the problem and difficulties faced, utilizing the theories found to implement to its business regarding product quality, promotion and customer purchase decision. It also wished to help

company to improve sales and the business operational system.

Additionally, it can help company in making purposeful decision.

3. Being able to help other researchers as inputs to broaden the mindset and knowledge in order to use the information as the development for education.

