

CHAPTER I

INTRODUCTION

1.1 Background of Study

In the year 2020, pandemic such as Covid-19 has spread globally and occurred in Indonesia which result in the declining economy of the country until now as written in the press release stated on Central Bureau of Statistics Republic of Indonesia website (Bps.go.id, 2021). Although the economy is going downward, the food and beverage industry has managed to maintain growth throughout the year. The statement is proven by the data provided by Indonesia's Ministry of Industry in their website article which stated that in the second quarter of 2021, the food and beverage industry has contributed around 6.6% towards Indonesia's GDP and this industry has experienced growth of 2.9%, which brings positive impacts towards the country's economy (Kemenperin.go.id, 2021). From the data on economic growth in the food and beverage industry in Indonesia during 2021, food and beverage industry have potential to grow better in the future as people will always be needing food and beverage to live.

Indonesia is a country that has more than 90 cities with Medan as the third largest city in Indonesia that is located in North Sumatra. As there are lots of different food and beverage in Medan, it is usual for the number of restaurants and cafes in Medan to keep increasing from time to time where both restaurants and cafes are also taking part in contributing to the food and beverage industry growth. The data from Central Bureau of Statistics of

Medan City in the book titled “Medan Municipality in Figures 2019” indicates that the number of cafes, bars, and restaurants in Medan is increasing from year to year as seen from the table below.

Table 1.1 Data of the Development of Number of Cafe, Bars, and Restaurants in Medan City 2016-2018

Types of F&B Industry in Medan	Year		
	2016	2017	2018
Café	772	780	807
Bar	14	14	38
Restaurants	225	234	334
Total	1011	1028	1179

Source: Medan Municipality in Figures 2019 (2019)

Table 1.1 above only shows the number of cafes, bars and restaurants that are officially registered, where each year the number of F&B business increases. The latest data showed that in 2018, the total of registered F&B business faced an increase of 151 enterprises, which is on a par with 12.8% of increasement. Within this information, it can be concluded that the food and beverage industry market is growing.

As competitions are getting tighter, F&B business owners need to adapt and innovate to catch the customers' attention as the customers will have the right to choose which products to purchase, including food and beverages. Purchase decision is defined as a consumer's purchasing behavior that is

based on the consumer's preferences of a brand after evaluating the brand's competitor to meet the consumer's needs (Anwar, Kusumawati, & Sanawiri, 2018). As purchasing decision is based on the customers' behavior, F&B businesses such as restaurants and cafes must understand the indicators that affect the customer's purchase decision. According to (Kotler & Keller, 2016, p.195), there are five stages of customer's purchasing process, such as problem recognition, information search, alternatives evaluation, purchase decision, and post-purchase decision. By understanding the customer's behavior in purchasing decision, businesses such as cafés and restaurants can set strategies in attracting the customers to decide on purchasing at their places and increase the company's opportunity to achieve more revenue.

Customers are an important aspect of the business as they are the source of revenue. Therefore, the way customers act in their purchasing decisions will affect the business. F&B business focuses on its culinary. As food and beverage is the main product of the business, it is important to maintain the food quality. According to (Imas Maulani et al., 2020), food quality has become one of the indicators that create satisfaction towards its consumers after the purchasing and consuming process, in which the quality of the food meets the consumer's expectation. In addition, food quality affects the customer's purchase decision as consuming the food can bring benefits towards the customer, such as health, social status, etc. based on the customer's benefit perception (Mangundap et al., 2017).

Service quality, on the other hand, is also an important factor to be taken care of in the F&B business as it helps in creating competitive advantages to differentiate themselves from the competitors. The possibility of cafés and restaurants performing the same service quality is relatively small as the services are performed by humans. As services are intangible, it is difficult to measure their quality of the services. Therefore, indicators are used to measure how well are the services performed. There are five indicators or dimensions to measure the service quality, which are tangibles, reliability, responsiveness, assurance, and empathy (Ramya et al., 2019). By measuring the quality of the performed services, customers will receive satisfaction if the perceived quality meets or exceed their expectations. The study by (Augustinus & Iona, 2020) also stated that it is important to maintain the food quality and the service quality given to the customers as it helps in creating customer satisfaction and intention to repurchase. Furthermore, when satisfaction is formed, customers will have the behavior on spreading WOM (word of mouth) on the quality of the food and services provided by the café or restaurant, which may create positive image of the café or restaurant and increase the customers' interest and decide to purchase.

Pohon Pisang is an Indonesian food restaurant that is located in Komplek The Crown at Jalan S.Parman No. 16-17 and has operated since 2009. Over the years, Pohon Pisang restaurant has managed to have an outstanding sale of food and beverage. However, the sales record for the past two years is decreasing as the pandemic situation has happened. During the

interview with the owner of Pohon Pisang restaurant, the owner showed that there is fluctuation in sales in the year 2021. To support the statement, the owner has also provided the data on the monthly sales that happened in the restaurant during 2021.

Table 1.2 Sales Data of Pohon Pisang Restaurant from January-December 2021

Month	Sales Amount	Percentage (%)
January	Rp182,066,650	-
February	Rp162,320,300	-10.85
March	Rp154,037,650	-5.10
April	Rp156,069,800	1.32
May	Rp147,785,900	-5.31
June	Rp134,648,900	-8.89
July	Rp102,245,000	-24.07
August	Rp98,526,750	-3.64
September	Rp95,083,600	-3.49
October	Rp96,534,250	1.53
November	Rp99,216,400	2.78
December	Rp102,823,150	3.64

Source: Prepared by the writer (Pohon Pisang, 2022)

There is decreasing in sales from January until December as shown in the Table 1.2, which interprets that there is declining number of customers purchasing that happened in the restaurant. The number of percentages explains the sales difference between the current and previous month, and the

highest reduction in sales happened in July, where there is a sudden 24.07% sales decrease from June. The sudden decrease in July might be affected by the PPKM situation, where customers are not allowed to dine in at restaurants. Although at the end of the year the restaurant's business is getting better, the fluctuated sales from the previous nine months indicate that there is unstable customer purchasing decision that happened at the restaurant.

In terms of maintaining business, high purchasing decision is expected to keep the business running well by increasing the sales. Restaurants should take actions on identifying the problem of the fluctuating sales to avoid more declining sales to happen as smaller number of sales indicates smaller number of customer visits and that is related to fewer customer purchasing decision.

The cause of declining sales in the restaurant may be varied, including food and service quality. According to the google review of Pohon Pisang restaurant, the restaurant is rated 4.3 out of 5 stars, which indicates that the restaurant had great performances. However, there are several negative reviews of the restaurant in the Google review section, which mainly mentioned the bad and unstable food taste, along with the slow and unsatisfying services. Below here are the 20 reviews given by Pohon Pisang restaurant customers' that were compiled by the writer.

Table 1.3 Customer Reviews and Ratings towards Pohon Pisang Restaurant

No	Reviews	Rating
1	The service is so slow, that I waited long enough for my order to come.	1
2	The food comes after a long time of waiting and the waiters only smile at rich people.	1
3	The service is slow. Food tasted bad. Served rotten egg. Worst restaurant ever...	1
4	Unfortunately, the food is not as good as before. Seems like they have a new chef. Well, hopefully, they manage to restore their recipes.	2
5	Slow to bring out food, which was also mediocre.	2
6	So so, nothing special, only come here occasionally.	3
7	Nothing special for this place, the way of serving food should be improved.	3
8	Pohon Pisang restaurant that is located at Jl. S Parman becoming a national food recommendation with high taste. The favorite menus include “Kepala Ikan Gulai” and “Ayam Goreng Pohon Pisang”. The taste of the food makes me want to come back again. For the suggestions, the menu “Cumi Goreng Tepung” needs to add more spices and less flour batter, meanwhile for the “Lemon Tea”, it is better to add real slices of lemon and add more flavor to the drink. Overall is good.	4
9	The service is not fast enough.	4
10	The food is good. Hygiene is set, but the menu is not variative and did not state the price.	4
11	The food is average, located across Informa, the service is good, place is spacious and fully air-conditioned. The bathroom was okay and provide wide parking space.	4

12	Came here together with friends and family. Located right on the side of the road. Price is standard. Some of the food tasted good, and some of the food does not taste good enough. Maybe the food taste depends on the chef's mood. The parking space is not wide enough.	4
13	The food tasted okay. However, the portion becomes smaller and sometimes the service is slow serving the food.	4
14	Food is reasonably priced. The décor might look old, but this is still a great place to enjoy Indonesian food with family.	4
15	Exceptional Indonesian food, though presentation is lacking.	4
16	Favorite home-cooked food. A lot of side dish that are cooked in a certain style so the food taste is hard to find in another restaurant.	5
17	Wow! The food here is super tasty. The waiters are also friendly, and the place is clean. My favorite menus are "Gulai Ikan" served along with warm rice. The "Ayam Bungkus Daun Pandan" menu is also recommended by me. My family's favorite restaurant!	5
18	Best place to have breakfast, lunch, and dinner.	5
19	Nice tasting food here. Regular choice would be the "Ikan Gurami Saos Speical", "Tahu Mangga" and "Buncis Terong Ebi."	5
20	Food is good, nice environment.	5

Source: Prepared by the writer (Google Review, 2021)

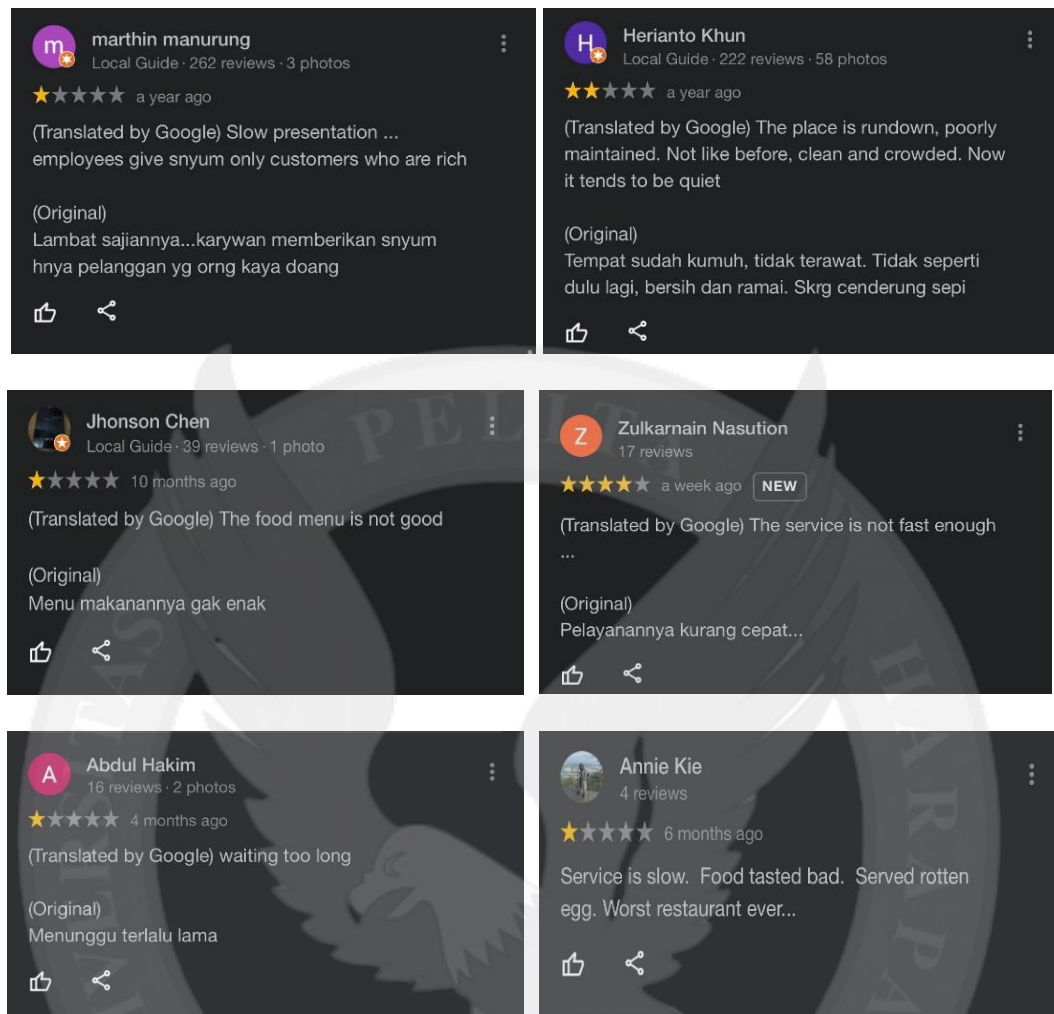


Figure 1.1 Google Review on Pohon Pisang Restaurant
Source: Google Review (2021)

The reviews from Table 1.3 shows variety of customer reviews about their dining experiences at Pohon Pisang restaurant. In addition to that, Figure 1.1 above shows that the reviews were given in the year 2020 to 2021 meantime, which indicates that there are recent problems in the food and service quality performed at Pohon Pisang restaurant. Aside from Google review, the writer has also compiled 20 of the guest's internal satisfaction survey data gained from Pohon Pisang restaurant to indicate the problems that exist in the restaurant.

Table 1.4 Guest Satisfaction Survey Data

Category	Ratings				Total
	Excellent	Good	Average	Bad	
Food	4	5	7	4	20
Service	3	5	8	4	20
Price	5	6	6	3	20
Ambience	3	7	8	2	20

Source: Prepared by the writer (Pohon Pisang, 2021)

According to Table 1.4 above, there is total of eleven and twelve customers rating the food and service perceived by the restaurant as bad and average consecutively, meanwhile, there are only nine and ten customers rating bad and average on the price and ambience category consecutively, which showed that the problems that exist at the restaurant are focused on the food and service quality. The comments and suggestions from the customers that rated badly on either the food or service or both, stated that mainly the food tasted bad, has small portion, and had inconsistent taste of the food. From the service aspect, the customer mostly commented about the employees that are slow in serving and the long waiting time for the food to be prepared.

Both Google reviews and guest satisfaction survey showed that the food quality and the service quality in the restaurant needed to be improved and taken care of to maintain and satisfy customers so that customer will not switch to competitors and decide on purchasing with Pohon Pisang restaurant.

Moreover, by using Google reviews and internal satisfaction survey as the problem indication guidance, author wanted to know in detail the influence of the food quality and service quality towards customer purchase decision of the restaurant in this competitive market. Therefore, the author is interested in conducting this research with the title **“The Influence of Food Quality and Service Quality towards Customer Purchase Decision at Pohon Pisang Restaurant, Medan.”**

1.2 Problem Limitation

As the background of the research has been explained and due to the limited time and resources, the research is limited to three variables, where food quality is identified as the first independent variable (X1), service quality as the second independent variable (X2), and customer purchase decision as the dependent variable (Y). Writer has identified the indicators to measure X1, such as color, presentation, portion, shape, temperature, texture, maturity level, and taste, the indicators to measure X2, such as are tangibles, reliability, responsiveness, assurance, empathy, and lastly the indicators of Y, such as problem recognition, information search, alternatives evaluation, purchase decision, and post-purchase decision. This research will be conducted at Pohon Pisang restaurant, Medan as the object of the research.

1.3 Problem Formulation

From the background of the study, writer has identified the problems that have been formulated into questions as stated below:

1. What is the food quality at Pohon Pisang restaurant?
2. How is the service quality at Pohon Pisang restaurant?
3. How is the customer purchase decision at Pohon Pisang restaurant?
4. Does food quality influence the customer purchase decision at Pohon Pisang restaurant?
5. Does service quality influence the customer purchase decision at Pohon Pisang restaurant?
6. Does food quality and service quality simultaneously influence the customer purchase decision at Pohon Pisang restaurant?

1.4 Objective Research

According to the background of the study and the problem formulation that has been written above, the objectives of the research are:

1. To analyze the food quality of Pohon Pisang restaurant.
2. To analyze the service quality performed at Pohon Pisang restaurant.
3. To understand the customer purchase decision on Pohon Pisang restaurant.
4. To analyze the influence of food quality towards the customer purchase decision at Pohon Pisang restaurant.

5. To analyze the influence of service quality towards the customer purchase decision at Pohon Pisang restaurant.
6. To analyze the simultaneous influence of food quality and service quality towards the customer purchase decision at Pohon Pisang restaurant.

1.5 Benefit of Research

There are two benefits to doing this research, such as the theoretical benefit and practical benefit, which will be explained in the points below.

1.5.1 Theoretical Benefit

The completion of this research is expected to be useful enough in giving information and ideas to future university students or readers and act as their reference in researching the influence of food quality and service quality towards customer purchase decision.

1.5.2 Practical Benefit

This research has some practical benefits, such as:

- a. For the writer, the research provides new knowledge in the food and beverage industry, and it gives more comprehensive understanding of food and service quality along with its relationship towards customer purchase decision in real-life settings. Writer also improved her writing and theory analysis skills through this research.

- b. For future research, this research is expected to become additional references in learning about the influence of food quality and service quality towards customer purchase decision.
- c. For the restaurant, by analyzing the food quality and service quality dimensions, the research can help Pohon Pisang restaurant in improving its food and service quality in becoming better and focusing on the dimensions that affect the customer purchase decision. By improving the food and service quality, customers are expected to be satisfied and loyal towards the restaurant, so that the customers can choose Pohon Pisang restaurant over other competitors, and the restaurant can generate more sales. As for other companies in the same business industry that have similar problem with Pohon Pisang restaurant, this research can help to solve the problem and work up for what is needed.