

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Today the culinary industry has grown rapidly and has become one of the supporters of the economy in an area or a country. The culinary industry is becoming hyper-competitive and there is a very strong competition in business behaviour in this industry. The development of the culinary industry growth continues to increase because it is considered very easy to implement and usually does not require too large a capital unless you want to create a special place to eat with various quality facilities. Business capital that is not too large triggers the emergence of Micro, Small, and Medium Enterprises (MSMEs) in the culinary industry.

Medan is one of the largest cities in Indonesia and is the capital of the province of North Sumatra and has a very dense population and fairly good purchasing power so it becomes a opportunity for MSMEs, especially the culinary industry. This condition is the reason there are many culinary MSMEs in the city of Medan where one of these MSMEs is Onma Tabo. Onma Tabo Restaurant is a typical Batak restaurant that provides main menus such as Grilled Pork, Fried Pork, Pork and Chicken Saksang, Arsik Mas Fish, Pulos-Pulos, and many more. The following is the menu from the Onma Tabo restaurant:

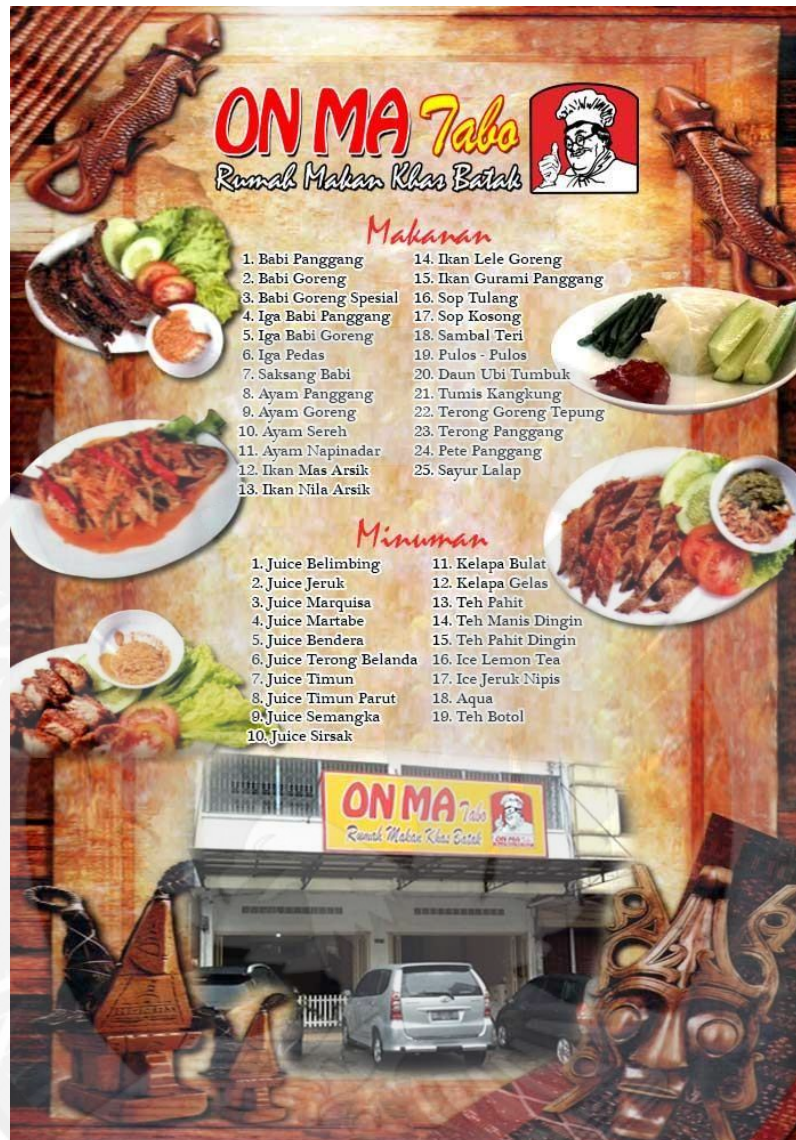


Figure 1.1 Onma Tabo Restaurant Menu

Source: Onma Tabo, (2022)

Onma Tabo Restaurant is located at Bukit Barisan II Street. In recent times, Onma Tabo Restaurant is known that there has been a decline in the number of customers that visit and purchase the food whereas before the Corona Virus pandemic that hit globally has also seen a decline where this happened around 2017 to 2019. This was judged to be due to competition, typical Batak food Restaurants are getting stricter day by day and every restaurant offers a variety

of menus and taste so that consumers always do a search and re-evaluate before deciding to choose a restaurant that suits them. The decline in the number of customers that visit and purchase the food at Onma Tabo Restaurant can be seen in the table of the number of food orders at Onma Tabo Restaurant from year to year during the period 2018-2021 below:

**Table 1.1 Number of Food Orders at Onma Tabo (2018-2021)**

No	Year	Number of Food Orders
1	2018	71,575
2	2019	65,093
3	2020	41,439
4	2021	53,854

Source: Onma Tabo (2022)

Based on the data above, it can be seen that the number of food orders at Onma Tabo Restaurant during the period 2018 to 2021 shows a decline in the number of orders which means this also shows a decline in the number of customers that visit Onma Tabo Restaurant, this can be seen from the number of food orders in 2018 to 2021.

Kurniawan (2018:22), price is an exchange rate issued by buyers to obtain goods or services that have use value and their services. The decline in the decision to choose this restaurant was also assessed because of the comparison of prices which were considered more expensive than other restaurants so some consumers might think again before actually making their choice. Here are some reviews from consumers who have visited Onma Tabo:

## Restoran Onma Tabo

Jl. Bukit Barisan II, Glugur Darat II, Kota Medan, Sumatera Utara

Tulis ulasan

4,3 ★★★★★ 441 ulasan

Paling relevan

Terbaru

Tertinggi

Terendah



**Henri Lory**

Local Guide · 47 ulasan

★★★★★ 3 tahun lalu

Harga tidak sesuai rasa Mahal e pull makan bertiga siap kena 250 K

Suka



**Ayu Betty Elisabet Matondang**

7 ulasan · 8 foto

★★★★★ 2 tahun lalu

MAHAL....

Suka

**Figure 1.2 Onma Tabo Price Review**

Source: Google Review (2022)

The following is the example of the price range that can be seen in the table

below:

**Table 1.2 Onma Tabo Price Comparison**

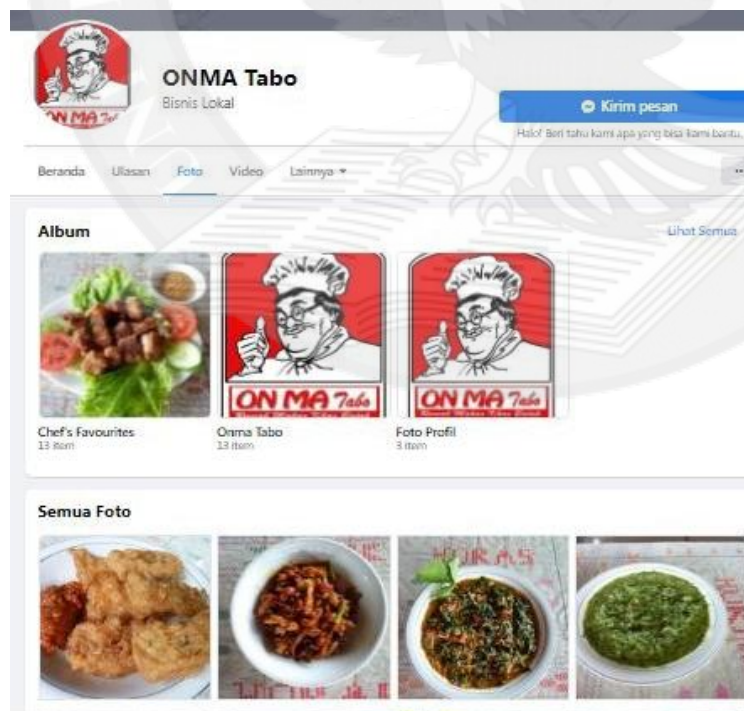
Restaurant	Price Range
Onma Tabo	Rp. 70.000 – Rp 150.000
Others Batak Restaurant	Rp. 50.000 – Rp. 90.000

Source: Onma Tabo Restaurant (2022)

Based on the table above can be seen that for example, the price of the food ranges between Rp. 70,000 up to Rp. 150,000 for one serving of food, while at the same typical Batak restaurants the price is Rp. 50,000 to Rp. 90,000 for one serving of food. In addition, if the consideration of ordering a portion of food in kilos, then there is a comparison of around Rp. 20,000 to Rp. 30,000 more expensive than other restaurants. This in the end makes consumers start switching

to other Batak restaurants where there are still many Batak restaurants that offer affordable prices accompanied by the same taste of food.

Febriani and Dewi (2018:81), promotion is a means used by companies in an effort to inform, persuade, and remind consumers directly or indirectly about the products and brands that the brand sells. In addition, the influence of promotions also makes purchasing decisions decrease because Onma Tabo restaurants almost never carry out various promotional activities so many people who love Batak food do not know about its existence, and not a few consumers have ever heard of restaurants. Onma Tabo has also never carried out various advertising activities, both using print media and social media such as posting on Instagram or using endorse services in introducing the various dishes it has. The following is the only promotion that has been done by Onma Tabo can be seen below:



Lihat selengkapnya dari ONMA Tabo di Facebook

**Figure 1.3 Onma Tabo Promotion By Using Facebook**

Source: Onma Tabo (2022)

Based on previous research conducted by Silaban, et al (2019) entitled the effect of promotion, price, and food innovation toward purchase decision at Kentucky Fried Chicken Simpang Mataram Medan, the results of his research found that promotion, price, and food innovation has a significant effect on customer purchase decision.

Based on the background study above, the main objective of this research is to investigate whether there is an influence of price and promotion towards customer purchase decision. Because of that, the writer is interested to conduct research with the title: **“The Effect of Price and Promotion Toward Customer Purchase Decision at Onma Tabo Restaurant.”**

## **1.2 Problem Limitation**

The purpose of problem limitation is to create boundaries to focus on the main problem needed to be discussed. So that the discussion is not long-winded and effective. For the problem limitation, the writer will focus on three variables which are price, promotion, and purchase decision for the problem limitation. This thesis aims to investigate how price and promotion can affect the purchase decision. This research will focus on customers of Onma Tabo Restaurant since they have experience there. The price indicators that are used in this study are price affordability, price match with product quality, price competitiveness, and price match with product use. The promotion indicators that are used in this study

are advertisement, sales promotion, personal selling, and direct selling. The purchase decision indicators that are used in this study are problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior.

### **1.3 Problem Formulation**

Based on the description of the background of the problem above, there are identification problems in this study can be identified:

1. Does price have any effect towards purchase decision at Onma Tabo Restaurant?
2. Does promotion have any effect towards purchase decision at Onma Tabo Restaurant?
3. Do price and promotion have any effect towards purchase decision at Onma Tabo Restaurant?

### **1.4 Objective of the Research**

The objective of the research is as follows:

1. To find out if price has an effect on purchase decision at Onma Tabo Restaurant.
2. To find out if promotion has an effect on purchase decision at Onma Tabo Restaurant.
3. To know whether there is an effect of price and promotion toward purchase decision at Onma Tabo Restaurant.

## **1.5 Benefit of The Research**

The benefit of the researches are as follow:

### **1.5.1 Theoretical Benefit**

#### **a. For Readers**

The result from this study can be proof for readers to know that price and promotion have an effect towards purchase decision.

#### **b. For Writer**

The result from this study provides insight and experience as well as observations in a real-life situation which is very useful for the writer in the future.

#### **c. For Other Researches**

The result from this study can be used for reference for those who are interested in studying the same problem in the future.

### **1.5.2 Practical Benefit**

#### **a. For Onma Tabo Restaurant**

The researcher expects the result from this study could benefit the company to evaluate and take the result as a suggestion to know the price and promotion towards purchase decision.

#### **b. For Writer**

The result from this study makes the writer gain new experience and more knowledge about the importance of price and promotion towards purchase decision.



### For Future Research

The researcher expects the result from this study could become a comparison for the future researcher who is interested in studying the same topic which is the influence of price and promotion towards purchase decision.

