

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Study

The culinary business has been the most profitable business out of the many existing businesses at this time. That is because food is an important necessity for individuals who need it. It can be sure that businesses in the culinary business will always develop and are available everywhere (Ulansari, 2017). Business in the culinary field is also one of the fields of business that never dies (Ulansari, 2017). Society at this time experienced practical changes in terms of consuming food, such as more often buying food outside according to taste and rarely cooking alone, this is due to the level of busyness of urban communities whose time is running out for activities and limited time to cook themselves and also appear various types of culinary businesses that are unique and make it easier for consumers to procure food (Ulansari, 2017). Nowadays, competition between food restaurant businesses is getting tougher, which is marked by the number of restaurants growing and developing (Fenny, 2017). This competition is also caused by the increasing level of public consumption in restaurants (Fenny, 2017). To be able to excel and be able to maintain its business and customers, the company must be able to provide more value than its competitors, through creative and innovative efforts (Fenny, 2017). The restaurant business is a very promising business considering the high market demand for food and the potential purchasing power of the people (Fenny, 2017). Restaurant is a commercial

business that provides food and drinks services and is managed professionally (Fenny, 2017). Restaurant business is currently showing a relatively rapid development, as evidenced by the increasing number of fast-food restaurants and restaurants in big cities. (Fenny, 2017). Of the many restaurants that exist, one of them is cafe which can easily find anywhere in a big city (Lahksana, 2020).

No Brand Cafe was built in 2019 under the company PT. Tiga Serangkai Abadi Jaya. Milyardi Salim is the Director and also they offer a variety of foods which is fusion category of cuisine. It is located on Jalan Pandu No. 1 AUR, Medan. The following is sales data from No Brand Cafe.

**Table 1.1 No Brand Cafe Sales Period 2019 – 2021**

| <b>Year</b> | <b>Total Sales</b>   | <b>Total Bill</b> |
|-------------|----------------------|-------------------|
| 2019        | Rp. 5.574.957.000,00 | 27.847            |
| 2020        | Rp. 4.619.362.000,00 | 23.986            |
| 2021        | Rp. 4.474.791.000,00 | 21.334            |

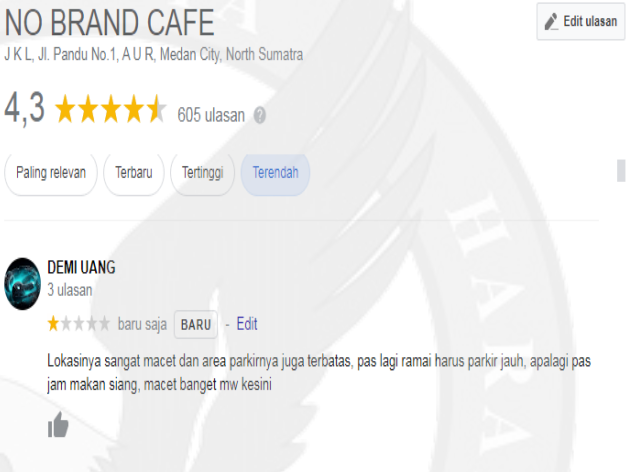
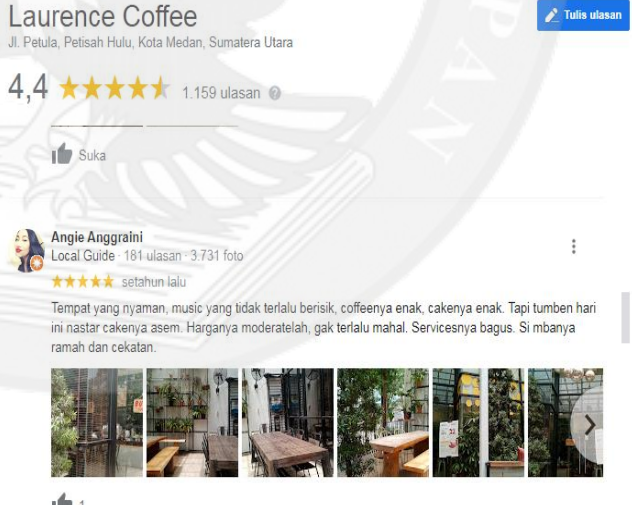
Source: No Brand Cafe (2022)

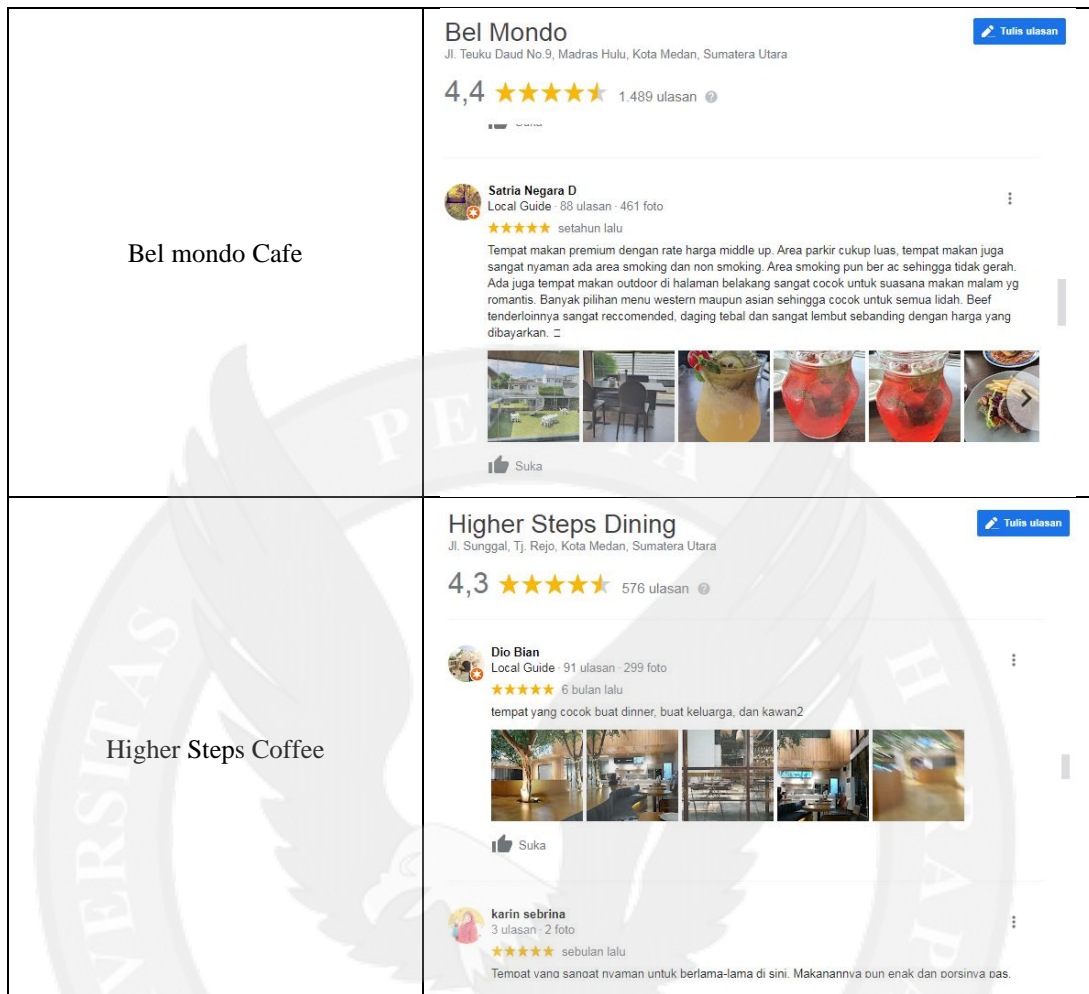
Based on preliminary interview with owner, there is a problem that is being faced by No Brand Cafe where the number of consumers who make purchases is decreasing day by day, which is assessed because its location is currently one of the obstacles that reduce the number of consumers in buying. Location is a place where businesses determine the location of their business where the choice of place is the most important factor in running a business (Kurniawan, 2018). A company location is a place where a company carries out its business operations in producing or increasing the use value of an item or service that aims to get the maximum profit (Bahri, 2019).

Based on preliminary interview with owner, the location of the No Brand Cafe is getting more and more congested every day, especially when it's time to

go home from work or it's time for dinner. In addition, the location of the No Brand Cafe is also considered to have looked like an old building and did not have its own charm. Yusra and Nanda (2019) state that location can affect customer purchase decision at cafe. The following a picture of the location of some cafe in Medan can be seen on the table below:

**Table 1.2 Café Location Comparison**

| Café Name         | Location Comparison   |
|-------------------|---|
| No Brand Cafe     |  <p><b>NO BRAND CAFE</b><br/>J.K.L, Jl. Pandu No.1, A.U.R, Medan City, North Sumatra</p> <p>4,3 ★★★★★ 605 ulasan</p> <p>Paling relevan Terbaru Tertinggi Terendah</p> <p><b>DEMI UANG</b><br/>3 ulasan</p> <p>★★★★★ baru saja BARU - Edit</p> <p>Lokasinya sangat macet dan area parkirnya juga terbatas, pas lagi ramai harus parkir jauh, apalagi pas jam makan siang, macet banget mw kesini</p>  |
| 53 Steps Laurence |  <p><b>Laurence Coffee</b><br/>Jl. Petula, Petisah Hulu, Kota Medan, Sumatera Utara</p> <p>4,4 ★★★★★ 1.159 ulasan</p> <p>Suka</p> <p><b>Angie Anggraini</b><br/>Local Guide · 181 ulasan · 3.731 foto</p> <p>★★★★★ setahun lalu</p> <p>Tempat yang nyaman. music yang tidak terlalu berisik, coffeenya enak, cakenya enak. Tapi tumben hari ini nastar cakenya asem. Harganya moderatelah, gak terlalu mahal. Servicesnya bagus. Si banyanya ramah dan cekatan.</p> |



Source: Google Review (2022)

To preliminary research that has been done, Pandu street often experiences traffic jams, especially at certain times such as coming home from work or breaks. In addition, No Brand Cafe is also next to the train line so that when the train is passing, it often makes a commotion that makes consumers feel uncomfortable enjoying their food.

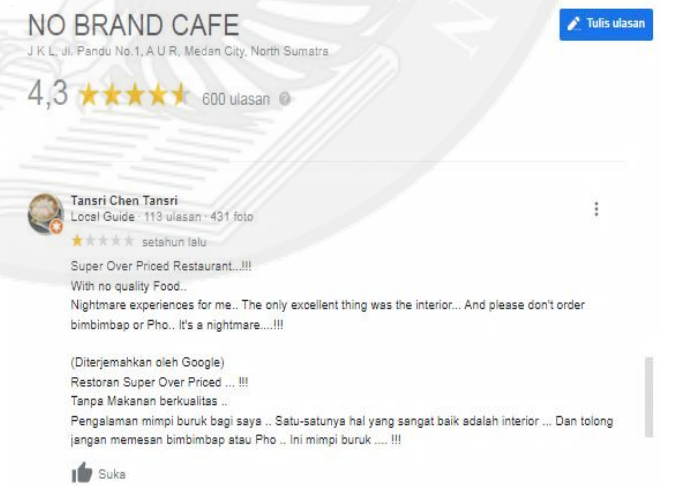
There is some previous research that has been done in which according to Umamsyah (2020), location can affect purchase decision at cafe in Bandung city. While according to Fadillah (2017), location and price are effecting purchase decision and according to the research that has been done by Yusra and Nanda

(2019), product quality, location, and price have a significant effect on purchase decision.

Product quality is the overall consumer evaluation of the superior performance of an item or service (Damiati et al., 2017). Product quality is one of the factors that affect customer perceptions where customers prefer products of good quality so improving the quality of certain products is very important. (Andriani et al., 2017). Product quality refers to a product's ability to perform its functions, such as durability, accuracy, ease of use and maintenance, and other desirable characteristics (Riyadi, 2017).

Based on preliminary interview with owner another reason is considered to come from food quality problems where the quality of the food from No Brand Cafe often gets complaints such as the taste are not good and the food that has been cold when served to the consumer's table.

**Table 1.3 Food Quality Comparison**

| Café Name     | Food Quality Comparison  |
|---------------|--|
| No Brand Cafe |  <p>The screenshot shows a Google Maps review for 'NO BRAND CAFE' located at 'J K L, Jl. Pandu No.1, A U R, Medan City, North Sumatra'. The cafe has a 4.3 rating from 600 reviews. A review by 'Tansri Chen Tansri' (Local Guide) dated 'setahun lalu' (one year ago) is highlighted. The review text reads: 'Super Over Priced Restaurant...!!! With no quality Food.. Nightmare experiences for me.. The only excellent thing was the interior... And please don't order bimbibap or Pho.. It's a nightmare....!!!'. Below the review, there is a translation by Google: '(Diterjemahkan oleh Google) Restoran Super Over Priced ... !!! Tanpa Makanan berkualitas ... Pengalaman mimpi buruk bagi saya .. Satu-satunya hal yang sangat baik adalah interior ... Dan tolong jangan memesan bimbibap atau Pho .. Ini mimpi buruk .... !!!'. There is a 'Suka' (Like) button at the bottom of the review.</p> |

|                            |  |
|----------------------------|--|
| <p>53 Steps Laurence</p>   | <p><b>Laurence Coffee</b><br/>         Jl. Petula, Petisah Hulu, Kota Medan, Sumatera Utara</p> <p>4,4 ★★★★★ 1.159 ulasan</p> <p><b>LINA HARA</b><br/>         Local Guide · 27 ulasan · 82 foto<br/>         ★★★★★ 2 tahun lalu<br/>         Tempatnya nyaman tuk nongki .spot foto untuk yang hobi foto banyak .makanan enak dan pelayanan ramah</p>   |
| <p>Bel mondo Cafe</p>      | <p><b>Bel Mondo</b><br/>         Jl. Teuku Daud No.9, Madras Hulu, Kota Medan, Sumatera Utara</p> <p>4,4 ★★★★★ 1.489 ulasan</p> <p><b>Tita Nugroho</b><br/>         Local Guide · 77 ulasan · 479 foto<br/>         ★★★★★ 5 bulan lalu<br/>         Salah satu cafe ydi medan yang enak untuk kongkow bersama temen2... Makanan dan minumannya juga enak... Dan yang paling seru banyak spot foto yang bagus disini...</p>   |
| <p>Higher Steps Coffee</p> | <p><b>Higher Steps Dining</b><br/>         Jl. Sunggal, Tj. Rejo, Kota Medan, Sumatera Utara</p> <p>4,3 ★★★★★ 576 ulasan</p> <p><b>Desy Huang</b><br/>         Local Guide · 63 ulasan · 33 foto<br/>         ★★★★★ sebulan lalu<br/>         Makanannya enak, waktu itu pesan nasi ayam taliwang, lalu juga nasi goreng cabe ijo. Dan semua rasanya nendang parah! next time bakal ke sini lagi.<br/>         Yang suka pedas, sangat disarankan ke sini, pedasnya itu ga nanggung, benar2 nendang.</p> |

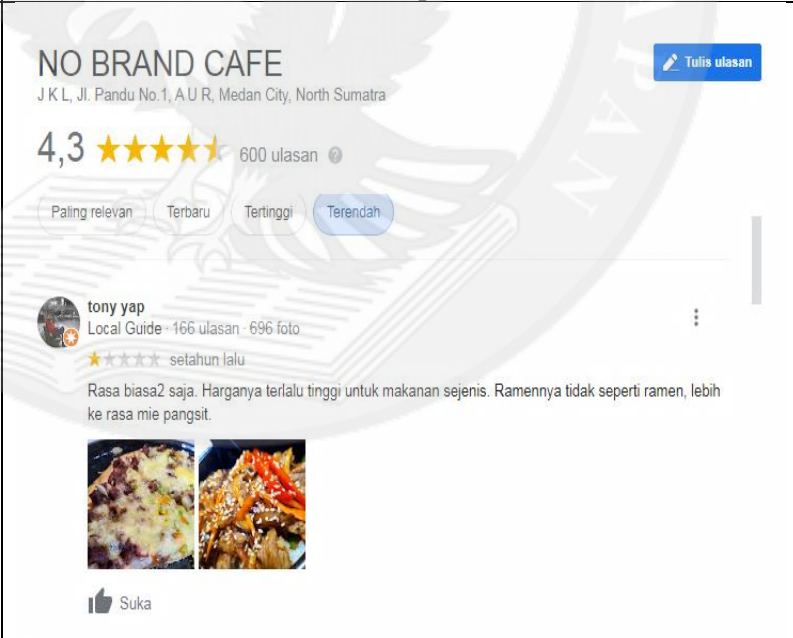
Source: Google Review (2022)




There is some previous research that has been done in which according to Rizkiah (2021), product quality has a significant effect toward purchase decision at restaurant. While according to Nurmasyah (2020), product quality and service quality have a significant effect toward purchase decision and according to the

research that has been done by Purnamasari (2021), product quality, price, and location have a significant effect on purchase decision.

Price is an exchange rate issued by buyers to obtain goods or services that have use value and their services (Kurniawan, 2018). Price is the result of a policy regarding product pricing, which includes a list of prices, discounts, payment periods, credit terms, or other policies (Wijayanti, 2019). Price is an element of the marketing mix that is flexible, meaning that it can be changed according to needs (Dharmawati, 2017). Based on preliminary interview with owner the price was also one of the causes of the sales decline. Some consumers stated that the prices offered by No Brand Café were more expensive when compared to prices from other cafes.

**Table 1.4 Price Comparison**

| Café Name     | Price Comparison   |
|---------------|--|
| No Brand Cafe |  |

|                     |  |
|---------------------|--|
| 53 Steps Laurence   | <p><b>Laurence Coffee</b><br/>           Jl. Petula, Petisah Hulu, Kota Medan, Sumatera Utara</p> <p>4,4 ★★★★★ 1.159 ulasan</p> <p>Suka</p> <p><b>Me Mee</b><br/>           Local Guide · 511 ulasan · 9.596 foto<br/>           ★★★★★ 4 tahun lalu<br/>           Tempat yang sangat bagus, bersih dan sangat cozy<br/>           Interior yang sangat bagus dan unik<br/>           Furniture yang berkualitas sangat bagus<br/>           Tempatnya sangat nyaman, sejuk<br/>           Pelayanan yang sangat ramah dan cekatan<br/>           Restroom sangat bersih<br/>           Harga yang sangat terjangkau sesuai dengan kualitas dan rasa<br/>           Sangat cocok untuk berkumpul dengan teman teman ataupun dengan keluarga</p>  |
| Bel mondo Cafe      | <p><b>Bel Mondo</b><br/>           Jl. Teuku Daud No.9, Madras Hulu, Kota Medan, Sumatera Utara</p> <p>4,4 ★★★★★ 1.489 ulasan</p> <p>Suka</p> <p><b>SioK San</b><br/>           Local Guide · 614 ulasan · 4.689 foto<br/>           ★★★★★ 3 bulan lalu<br/>           Makanan enak, harga standar, pelayanan bagus<br/>           Lokasi parkir cukup luas<br/>           Makanan western dan nusantara</p>   |
| Higher Steps Coffee | <p><b>Higher Steps Dining</b><br/>           Jl. Sunggal, Tj. Rejo, Kota Medan, Sumatera Utara</p> <p>4,3 ★★★★★ 576 ulasan</p> <p>Suka</p> <p><b>Haris Elfadhillah</b><br/>           Local Guide · 128 ulasan · 112 foto<br/>           ★★★★★ 4 bulan lalu<br/>           Tempat nyaman, harga makanan standart, instagramable, live music jga enak, so far bagus.</p>   |

Source: Google Review (2022)

There is some previous research that has been done in which according to Agung and Trisanti (2018), price has a significant effect toward purchase decision. While according to Hartanto (2018), customer satisfaction, price, and loyalty have a significant effect toward purchase decision. According to the



research that has been done by Natasya, et al. (2021), price, word of mouth and location have a significant effect on purchase decision.

The main objective of this research is to investigate whether there is an influence of location, food quality, and price toward purchase decision. Because of that, writer is interested to conduct a research with the title: **“The Effect of Location, Food Quality and Price Toward Customer Purchase Decision at No Brand Cafe”**.

## **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, writer will focus on four variable which is location, food quality, price, and customer purchase decision for the problem limitation. This *skripsi* aims to investigate how location, food quality, and price can affect purchase decision. This research will focus on customer of No Brand Cafe since they have the experience there. The research will be started from January 2022 until April 2022.

## **1.3 Problem Formulation**

Here are the problems of formulation that have been found during the research:

1. Does location significantly influence the customer purchase decision at No Brand Cafe?
2. Does food quality significantly influence the customer purchase decision

at No Brand Cafe?

3. Does price significantly influence the customer purchase decision at No Brand Cafe?
4. Do location, food quality, price simultaneously influence the customer purchase decision at No Brand Cafe?

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

The objective of the research is as follows:

1. To determine whether location significantly influences the customer purchase decision at No Brand Cafe.
2. To determine whether food quality significantly influences the customer purchase decision at No Brand Cafe.
3. To determine whether price significantly influences the customer purchase decision at No Brand Cafe.
4. To determine whether location, food quality, and price simultaneously influence the customer purchase decision at No Brand Cafe.

#### **1.5 Benefit of the Research**

The benefit of the researches are as follow:

1. Theoretical Benefit
  - a. For Readers

The result from this study can be proof for readers to know that bad location, bad food quality, and high price can give a bad effect toward customer purchase decision at No Brand Cafe.

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.

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 about bad location, bad food quality, and high price can give a bad effect toward customer purchase decision at No Brand Cafe.

2. Practical Benefit

a. For Company

The researcher expects the result from this study could benefit the company to evaluate, and take the result as suggestion to know the bad location, bad food quality, and high price can give a bad effect toward customer purchase decision at No Brand Cafe.

b. For Writer

The result of this study makes the writer gain new experience and more knowledge about the importance of location, food quality, and price toward customer purchase decision at No Brand Cafe.

c. 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 location, food quality, and price toward customer purchase decision at No Brand Cafe.