

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Nowadays, the food and beverages sector, including cafes, can be found almost everywhere and at any time. It is no wonder since food and drinks are a basic need. A large number of people like relaxing and gathering in one location that they consider comfortable while eating food and beverages with their loved ones, socializing with friends, and spending quality time with their families at a cafe. Furthermore, as a result of era development, a lot of people prefer to dine outdoors with their friends and families, believing that it is more efficient than cooking at home and cafes can be the place to enjoy the food while enjoying the atmosphere of the café.

According to Haristianti (2021), A café is a place to relax, socialize with friends and having a quality time with family where guests may order food and drinks at the café while enjoying the café atmosphere. Can be conclude that a cafe is a style of the place that are more focusing for the relaxed atmosphere, entertainment and comfortable for visitor.

Every cafe must have their own uniqueness and characteristic on how the cafe produce the food in order to meet customers expectation like in the factors of taste, appearance, colour and so on. Moreover, the customers are being aware on what the cafes served starting from the quality of the food, uniqueness of the food

and the brand image of the cafe itself which it will determine the customer purchase decision.

The product quality is important for the cafe because by having a high product quality, it will increase the cafe reputation which it makes the other customers curious and will come immediately. Product Quality refers to the characteristics of the product contains or the results that make the product or the results to be in line with the objectives for which the product were intended.

Not only product quality, cafes also need to enhance their brand image. Brand image is very crucial for cafes because it will surely be affecting the products and services offered by the cafes. By creating a good brand image, it can increase customers impression of the products sold by the cafe. According to Kenneth and Donald (2018), Brand image is reflecting on how the consumer feels and how is the overall of the business as well as the product or the individual product line. Cafes also should consider their product differentiation. Product differentiation is important because when cafe have their own product differentiation such as the segmentation of uniqueness sold by the cafes. This will surely become the cafe competitive advantages other than competitor. According to Simamora (2001) as cited in Tarigan (2022), Differentiation product is an activity from the company to modify its own products to become more attractive by having its own characteristic that win from the other competitors which it makes the product become desirable for the customers.

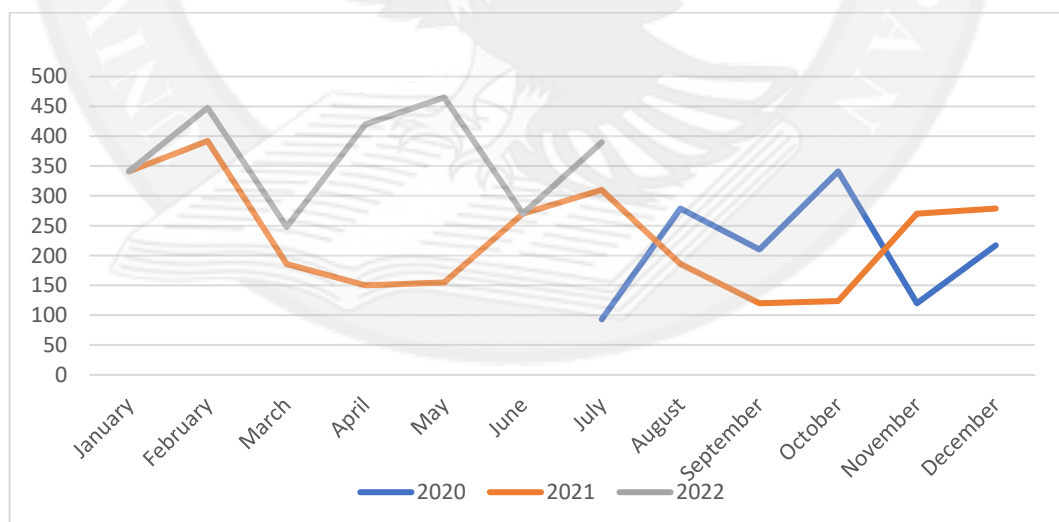
Alvina's Cafe was founded in 13 March 2017 where it is located at Asahan Kompleks Megaland street No. 56-59, Siopat Suhu, Siantar Timur at Pematang

Siantar city. Alvina's Café is a place where its facilitate an accommodation for the public to eat there where mostly who came to Alvina's Café is out of town people who stay at Alvina's Hotel and the residents who lives at Siantar. Besides that, Alvina's Café also provides many variations of food starting from Western food, Chinese food, Malaysian and Singaporean food and so on.

**Figure 1. 1 Number of Transaction at Alvina's Café from 2020-2022**

Month	2020	2021	2022
Jan	-	341	341
Feb	-	392	448
March	-	186	248
April	-	150	420
May	-	155	465
June	-	270	270
July	93	310	390
August	279	186	-
September	210	120	-
October	341	124	-
November	120	270	-
December	217	279	-

Source: Alvina's Café (2022)



**Figure 1. 2 Number of Transaction at Alvina's Café from 2020-2022**

Source: Prepared by the writer (Alvina's Café, 2022)

From the table above, Alvina's Café experience a decrease in the year of 2020 during the pandemic situation. But in 2021 until now, Alvina's Café slowly develop in the number of customers that are doing a transaction in Alvina's Café. Can be seen that, the customers that are doing a transaction per day is proximate 9 transaction or more and less. Overall, the customer who are doing a transaction at Alvina's Café is civil servant and the amount of the people who eat there is quite few because of the location that are far from the city. Alvina's Café also is preferable for the people who stay at Alvina's Hotel because it is easier for the guest to find food and beverages there. However, the figure above shows that the inconsistent and unpredictable pattern of customer purchasing which makes it harder for the management to make critical decision or planning.

There are several problems of comments found from the Google review about how the customer thinks about Alvina's Cafe that influence their purchase decision relevant with product differentiation, product quality and brand image.

**Table 1. 1 Customer's Review**

Rate	Comments
1	The food is bad, and it is a bad experience for me
1	Waiting for the food is too long and the employee is not nimble which it makes me wait for one food to come is 1 hour. After the food comes, it is also far from the expectation.
3	Food and beverages are just so so. The drinks are too sweet.
3	The food is not recommended
3	Menu variation is lot, but the flavour needs to be improved more so the food can be more delicious
4	The place is good and cozy but the food is so so
4	The food is standard which sometimes lack of taste

Source: Prepared by the writer (Google review, 2022)

From the table of google review above, mostly the customers are having a complaint about the food quality served by Alvina's Café where there are several foods taste or anything else did not satisfy the customer's expectation. This also

shows the cause of inconsistent and unpredictable in making a decision or planning for management.

**Table 1. 2 Preliminary Study: Product Differentiation**

Indicator	Results
Form/ shape	There is Roti tissue on the menu and that is one of the uniqueness because other café in Siantar does not have Roti Tissue. Roti Tissue can be found only in Alvina Café at Siantar.
Features	The product is not too good because the ingredients of the product are no different from the other competitor.
Performance Quality	The taste of the food is standard and not unique which no different from other cafés.
Conformance Quality	The café can fulfil customer special request on the food
Reliability	The food taste comes is not consistent which sometimes can be lack of taste and not delicious. The food plating sometimes not attractive

Source: Prepared by the writer (2022)

From the table of product differentiation, Alvina's café sure has a positive and negative side from the product served by Alvina's Café where the positive side is Alvina's cafe has an unique menu that differentiate itself from the other cafes at Pematang Siantar but unfortunately Alvina's café other food is quite plain and no different with the other cafes. Overall, product differentiation at Alvina Café is not optimal.

**Table 1. 3 Preliminary Study: Product Quality**

Indicator	Results
Colour	The colour of the food is good enough
Appearance	The plating of the food sometimes is not attractive and messy.
Portion	The portion is quite small
Temperature	the food is warm enough
Texture	The texture of the food is quite hard
Scent	The scent of the food is appetizing enough
Doneness level	The doneness of the food is good enough
Flavour	The food is lack of flavour which it needs to be improve more so the food can be more delicious. In additional, the food and beverages also can be sometimes delicious and sometimes lack of taste. The drinks are too sweet

Source: Prepared by the writer (2022)

From the product quality of Alvina's Café based on the indicators above, the results show that the food quality served by Alvina's Café is not overall good which there are several food that show negative results like there is lacking in the taste of food, the portion and the flavour but the other results like the colour, doneness level and scent is good enough to give appetize to the customers.

**Table 1. 4 Preliminary Study: Brand Image**

Indicator	Results
Strengthness	It is not enough strength because the café is not too crowded and hard to be recognize by people because the place is located at the complex and quiet place. In addition, it is far from the city. Overall the café is more suitable and preferable for the people who stay at Alvina Hotel and not too famous for local people. The employee services are not good.
Uniqueness	Alvina's café has a uniqueness which other than providing café for public, Alvina also provide accommodation for the customer who stay at Alvina's Hotel.
Favourable	There are fewer people coming there to eat and mostly come to Alvina Café is people who already working near there and it is not favourable for teenagers to eat there. Alvina's Café is not impressive because the place is quite dark, and the lamp is dimmed. From the name of Alvina café, the expectation should be a luxurious place with providing good food but in reality, the food and the place is just so so. In addition, it is not also favourable for many people.

Source: Prepared by the writer (2022)

From the brand image of Alvina's Cafes based on the indicator above, it shows that Alvina's Café has a positive and negative view from the customers



where Alvina's cafes looks attractive and good enough for out of town people because it provides cafes to the guest who stay at Alvina's Hotel but unfortunately for the local people, Alvina's is not quite attractive for them.

The evidence of the phenomenon that happened at Alvina's Café is even though Alvina's Café is an unique café that provide hotel but there is still several of customer are having a complain about the quality of the food or anything else that did not satisfy their expectation about the food and beverages served at Alvina's Café. The evidence can be seen from the google review of food and beverages served at Alvina's Café below:



From the explanation above, the writer is interested to find out whether the instability on customer purchases are caused by product differentiation, product quality and brand image of Alvina's café. So, the research carried out with the title of **“The influence of Product Differentiation, Product Quality, and Brand Image on customer purchasing decision at Alvina's Café, Pematang Siantar”**.

## 1.2 Problem Limitation

There are some possible factors that may affect in determining customer purchase decision such as service quality, price, physical environment, menu variation, product differentiation, product quality, and brand image. However, concerning about how the research will be conducted is difficult and time consuming for the researcher, therefore the writer will only focus on the influence of product differentiation, product quality, and brand image of Alvina's Cafe at Pematang Siantar as the independent variables on the customer purchasing decision as the dependent variables.

According to Kotler (2012) as cited in Rusdian (2021), The indicator of Product differentiation is the form/ shape of product, features, performance quality, conformance quality and reliability. According to Gaman et.al (2014) as cited in Dwiantri (2020), The indicators of Product Quality are colour, appearance, portion, temperature, texture, scent, doneness level and flavour. According to Kotler and Keller (2012) as cited in Hanifani (2019), the indicators of brand image are Strengthness, uniqueness, and favourable. According to Kolter (2018) as cited in Kumbara (2021), the indicators of customer purchasing decision are satisfaction towards products, habits in purchasing the product, and recommendation.



### 1.3 Problem Formulation

According to the information that has been identified in the background of the research, then the writer can formulate several questions in this research with the following below such as:

- a. Does product differentiation have partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar?
- b. Does product quality have partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar?
- c. Does brand image have partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar?
- d. Do product differentiation, product quality and brand image have simultaneous influence on customer purchasing decision at Alvina's Cafe, Pematang Siantar?

### 1.4 Objective of Research

The research objectives are as follows:

- a. To determine whether product differentiation has partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar.
- b. To discover whether product quality has partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar.
- c. To analyse whether brand image has partial influence on customer purchasing decision at Alvina's Café, Pematang Siantar.

- d. To examine whether the product differentiation, product quality and brand image have simultaneous influence on customer purchasing decision at Alvina's Café, Pematang Siantar.

## **1.5 Benefit of the research**

From this research of the product differentiation, product quality and brand image that influence customer purchasing decision at Alvina's Cafe at Pematang Siantar, there are two types of advantages that the writer can get as the following below:

### **1.5.1 Theoretical Benefit**

The theoretical benefit of this research is to show whether product differentiation, product quality and brand image influence customer purchasing decision at Alvina's Cafe in Pematang Siantar. Besides, by doing this research, it helps to enhance knowledge related to the theories about product differentiation, product quality, brand image and the relationship with customer purchasing decision.

### **1.5.2 Practical Benefit**

These following are some of the practical advantages of doing this research:

- a. For the writer, this research provides valuable information and give better understanding about product differentiation, product quality and brand image.

- b. For the company, the research results are intended to be applied as a guide to the company in order to determine how the product differentiation, product quality and brand image influence on customer purchasing decision at Alvina's Cafe at Pematang Siantar.
- c. For other researchers, this research can be used as a starting point and reference for their own work related to the product differentiation, product quality and brand image.

