

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Globalizations era and free trade cause business competition to grow competitively. Facing nowadays business conditions, every company must use its best strategy and resource to survive and thrive in doing business. Businessmen compete to create creative and innovative products to meet the demand of customers. By doing so, the company's products will be purchased by the customer after the buying decision is made, the company expects most customers to frequently buy the company's products or to create loyal customers, in order to reach their sales target, and the company must keep its customers satisfaction. Because by fulfilling customer satisfaction, the customer will be loyal. The main goal of all companies is to win the market competition. Because by winning the competition, the company has customers to buy the product and eventually raise the profit.

The success of a business depends on ideas, opportunities, and businesses. Businesses must be able to create a new idea that can add value to the customers. Many businesses think that the current promising business is the culinary business. The culinary business is increasingly in demand by business as they see the increasing number of people who are looking for a diverse food menu.

With the proliferation of the fast food business, especially fried chicken, customers definitely consider many things in making their choice. Consideration the biggest thing consumers do is of course about the price and quality of the

product. However, at this time many fast-food restaurants offer the same menu for almost the same price. Competition is fierce as players in this business are more and more, however, the flour fried chicken business is still quite crispy. In fact, some fried chicken businesses, especially those that offer partnerships, are now growing. This is evident from the increasing number of partners. This is the background in the selection of research sites for Fritto Chicken.

Based on interview show that Fritto Chicken realizes that serving food and beverage alone is not enough to satisfy customers and drive purchasing decisions. The need for servicescape and promotional support can lead to purchasing decisions for Fritto Chicken. Due to the increasing number of business competitors in the field of food and beverage, customers have more product alternatives, and prices and servicescape vary so that customers will always look for the value that is considered the highest (Kotler & Keller, 2018). Low quality of servicescape and minimal promotion will cause dissatisfaction among customers who come and will have an impact on others, caused by the disappointment of the customer will tell about his disappointment at least to others, the impact is that potential customers will make their choice to competitors, triggering a decline in purchasing decisions. This has sparked interest in research related to servicescape and promotion of purchasing decisions.

This good Servicescape is able to attract new consumers to then participate in transactions in the purchase offer because the business has been known to have a good image. Therefore, in this case, the Servicescape of a business venture, especially in the field of food and beverage becomes very important and must

always be considered by a businessman or company. The efficiency of this marketing Servicescape will provide maximum results to business actors or companies and even increase the productivity of a business venture which is reflected in the high level of purchasing decisions. Servicescape is very important for business interests because the quality of Servicescape is the core of owning a company. If the Servicescape is good, the customers who come will be happy and become loyal customers and make repeat purchases. Servicescape is a style and form of the physical environment and the elements experiential others that are found by customers on the spot services are delivered” (Lovelock, et al, 2018).

Promotion has a very important role in the progress and development of the business. Doing attractive promotions can create brand awareness in the minds of customers, affect the perception of potential buyers on the products being promoted so as to increase purchases, and reach customers widely by utilizing digital marketing system promotions. Promotions can increase customer loyalty by spreading the word about special prices, rewards programs, and other incentives to buy. Existing customers are the most important target market, as they already have established relationships, and companies typically have access to data that enables direct marketing. Promotions attract new and old customers and can keep the company relevant when competitors appear. If a competitor runs a sale can counteract the attention it gets by running and advertising one of its own. Keep the consumers focused on the brand and don't allow them to be swayed by another.

This research was conducted in the Fritto Chicken Pemuda Branch, Medan. Fritto Chicken Pemuda Branch, Medan is located at Jl. Pemuda Medan.

The problem with this purchase decision intention is a decrease in revenue at Fritto Chicken Pemuda Branch, Medan.

Table 1.1 Revenue Data of Fritto Chicken Pemuda Branch (January – June 2022)

Month	Total Revenue	Percentage
January	358,658,400	-
February	325,462,500	-9.26%
March	301,569,800	-7.34%
April	341,561,000	13.26%
May	352,683,800	3.26%
June	302,369,500	-14.27%

Sources: Prepared by the writer (Fritto Chicken Pemuda Branch, 2022)

Table 1.1 shows that in 2022 the revenue of Fritto Chicken Pemuda Branch, Medan decreased except in April and May. The highest decline in revenue occurred in June 2022 as much as 14.27% compared to May revenue. This decline in sales indicates low customer interest in making purchases.

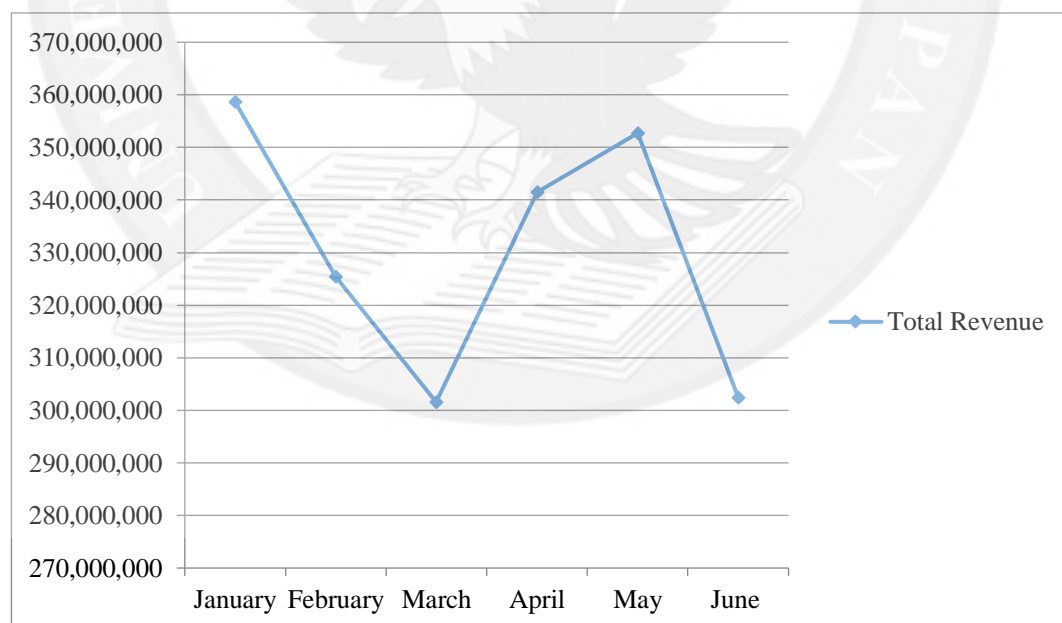


Figure 1. 1 Revenue Data of Fritto Chicken Pemuda Branch

Sources: Prepared by the writer (Fritto Chicken Pemuda Branch, 2022)

Based on interviews with some customers at Fritto Chicken Pemuda Branch, Medan related the service is narrow parking facilities, long queues when promotions, fried chicken that is not hot, little sauce, and unresponsiveness Fritto Chicken Pemuda Branch, Medan in providing optimal service.

Table 1. 2 Review Data of Fritto Chicken Pemuda Branch, Medan (2022)

Review	Rating
<i>Pelayanan kurang ramah, klu makanan ok.. Karyawannya kebanyakan sombong, minta balon untuk anakku aja ga boleh, padahl sudh blanja bnyak</i>	1
<i>kasir kurang ramah, lebih ramah tukang parkir yg diluar makanan lebih enak rchesee factory dan chicken holic</i>	1
<i>Resto yg tak beres,nyesl,,beli 1 macam aj haru nunggu 50 menit,nasib baik masih ada yg bli,kapok lh bli sini lg,gk ada ligat anggotanya,tdur2 aj,ngerumpi,kesalllll 10000x kesall</i>	1
<i>Ayam nya keras dan gk ad rasa , dingin saking lama nya pelayanan , tempat parkir kecil , harga murah mungkin karna masi promo baru buk</i>	3
<i>Parkirnya lebih mahal dari mall</i>	2
<i>Lokasi berada di simpang jalan Pemuda, bangunan masih baru, menu variatif dan sangat terjangkau. Tetapi area parkir sangat tidak memadai dan pada saat saya akan bayar ternyata belum bisa menerima debit untung saja masih bisa pakai</i>	3
<i>Bagus tp syg gk ada parkir mobilnya dan parkir motor jg terbatas</i>	4
<i>Ayam goreng nya keras minyak nya bau minyak</i>	1

Sources: Prepared by the writer (Google Review at Fritto Chicken Pemuda Branch, Medan, 2022)

Based on interviews conducted with several managers of Fritto Chicken Pemuda Branch, Medan during 2022 was quite vigorous in promoting. Fritto chicken doing conventional promotion or using digital marketing. Promotions carried out on social media through Fritto chicken accounts are still less accessible to customers so many customers do not know and cannot participate in purchases. Generally, fritto do promotion buy 1 get 1 for some chicken menu, Instagram post contest with the theme of Fritto Chicken theme song, and in collaboration with an Instagram celebrity such as Jejezhuang, a brand Ambassador of Fritto by offering a limited edition menu "Super Fritto Andaliman". Then Fritto chicken little collaborated with Grab Food and Gofood and Shopee Food in 2022 in carrying

out promotions such as giving vouchers and participating in programs carried out by Grab Food and Gofood and Shopee Food.

Based on the above explanation, the writer decides to conduct a research entitled **“The Influence of Servicescape and Promotion on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan”**.

1.2 Problem Limitation

Due to the limitation of time and budget this research focused on Fritto Chicken Pemuda Branch, Medan that Servicescape (X_1) and Promotion (X_2), and Customer Repurchase Intention (Y). Fritto Chicken Pemuda Branch, Medan is located at Jl. Pemuda Medan. The implementation period is from August to October 2022.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions as follows:

1. Does Servicescape have a partial effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan?
2. Does Promotion have a partial effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan?
3. Do Servicescape and Promotion have a simultaneous effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan?

1.4 The objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Servicescape has a partial effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan.
2. To analyze whether Promotion has a partial effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan
3. To investigate whether Servicescape and Promotion have a simultaneous effect on Customer Repurchase Intention at Fritto Chicken Pemuda Branch, Medan.

1.5 The Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories, especially in the Servicescape and Promotion and its effect towards Customer Repurchase Intention.

1.5.2 Practical Benefit

The practical benefits of this research are:

1. For the writer

To provide experience and knowledge in managing matters related to Servicescape and promotions that can improve Customer Repurchase Intention.

2. For the company

To develop and improve the Servicescape and design attractive Promotions that can encourage improved Customer Repurchase Intention.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.

