

CHAPTER I

INTRODUCTION

1.1 Background of Study

As the world evolves, the diversity of consumer behaviour is challenging the food and beverage business to perform with better strategies as it continues to develop. The food and beverage industry has a vital and strategic role in both satisfying the needs of the food and beverages sector and raising the value of core product to enable the expansion of related sector. (Sanjaya & Henviani, 2020). Due to the increasing number of shops selling food and drink items in a variety of formats, the rivalry in the foods and beverage business is fierce. (Syahputra, 2019).

Entrepreneurs are inspired to launch a firm that provides food and beverages that are suited to the needs of the majority of people since these demands are fundamental to human existence. Particularly given that Indonesia's food and beverages (F&B) industry would continue to benefit greatly from digitization. This is so that it can always keep up with and thrive in the midst of prevailing changes or trends, including technology advancements. (Albesta, 2018).

In order to gain predominance in this competitive business industry, beside to be able to deploy and employ the precise technique and man power to entice consumer to make a purchase decision. Knowing your consumer is an important key factor to having the right strategy when marketing your products. Consumers are a company's most valuable asset and it is imperative that the company maintains

this value and keep upgrading performance to satisfy this value. Thanks to a well-groomed consumer, sales are going well and in line with expectations. Consumers are at the forefront of purchasing decisions in the culinary industry.

Based on study stated by Ernawati (2019), consumer purchase decision is also affected by food quality. Companies should pay attention to the quality of the products they given, as high-quality products are a key factor influencing consumer purchase decision when purchasing products and services. The better the quality of products, the more interest consumer will have in purchasing these products. Providing high quality food allows companies to outperform their competitor. Therefore, business must be able to understand what consumer needs and want in order to able to produce the right quality product that meet customer expectations.

According to Rizki, Hidayat & Devita (2019), purchase decision is also influenced by price significantly and also according to Anggreani & Samboro (2019), Price has a positive and significant effect on purchasing decision. The positive meaning is that affordable prices become attraction for consumer to make purchase not once but repeatedly (Syafi & Besra, 2019).

Also based on study by Kristanto & Wahyuni (2019), promotions that is made by companies must be interesting and stimulate the right target audience to get the best potential out of it to determine the consumer purchase decision. In this pandemic era everyone is forced to get used to technology even the elder is fluent in using technology, if a company fail to put out a well and interesting promotion

to get the right audience or if a company fail to perform based on their promotion given customer purchasing decision will be significantly affected and the name carried by the company will be affected.

Ho Teh Tiam is family Chinese food restaurant that is also equipped to fulfil customer needs of Chinese tea, beside speciality in providing Chinese cooking cuisine Ho Teh Tiam also provide the middle to highest quality of tea. Ho Teh Tiam established since June 2008, this restaurant used to has a few outlets at Singapore Station at Jl. Katamso, Singapore Station at Jl. Adam Malik, Jl. Putri Hijau, Jl.Mongonsidi but now only located at Jl. Mengkara No. 23-25, Medan Petisah, Medan. It is clear that Ho Teh Tiam already have their own market and Ho Teh Tiam have their own loyal customer that enjoys foods and especially beverages made by them. Ho Teh Tiam used to be the store that specialty in brewing and teach the correct way to drink Chinese Tea. By conducting an interview for the preliminary research with the Owner of Ho Teh Tiam, Mr. Dwigamar Hadi Purwanto, he stated that for Ho Teh Tiam customer, it is deeply affected by the Price, food and beverages Quality and Promotion given to the customer that helps keep the store operate.

Bases on the sales data revenue given by Mr. Dwigamar Hadi Purwanto, the sales at Ho Teh Tiam might be experiencing decreasing resulting in unstable and unbalance sales. This can be causes by many factors, such as internal and external problem.

Below illustrated Ho Teh Tiam sales data for the last one-year (in monthly)

2022:

Table 1.1 Sales of Ho Teh Tiam Monthly

Month (2022)	Revenue	Number of transactions
January	Rp115,050,000.00	177
February	Rp182,000,000.00	280
March	Rp111,150,000.00	171
April	Rp174.850,000.00	269
May	Rp128,050,000.00	197
June	Rp107,900,000.00	166
July	Rp111,800,000.00	172
August	Rp136,500,000.00	210
September	Rp128,700,000.00	198
October	Rp98,150,000.00	151
November	Rp114,400,000.00	176
December	Rp84,500,000.00	130

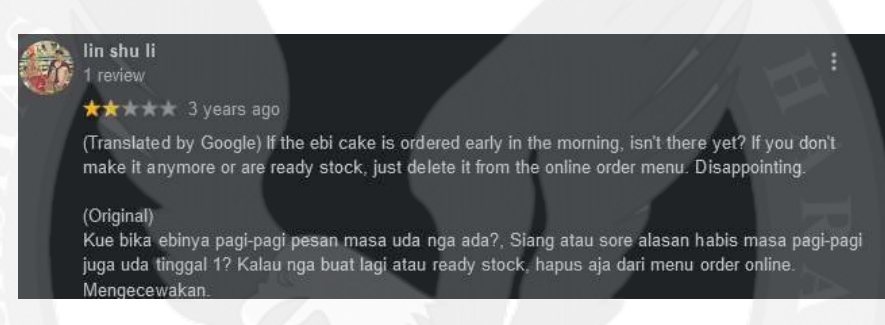

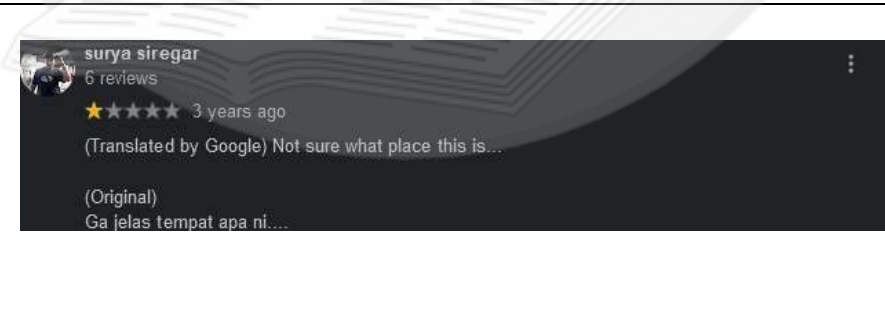
Source: Prepared by Ho Teh Tiam (2023)

Table 1.1 explains that sales of Ho Teh Tiam is unstable, where there are some month sales is quite enormous in February and April and August. It is because in February and April there are Chinese celebration days such as Chinese New Year and ChengBeng days that usually Chinese will tend to find restaurant to eat and Ho Teh Tiam made a promotion for those celebration days, and for August Ho Teh Tiam made a small event to promote certain products at their place. But beside the days where there is events or promotion, the sales experienced a declined. There are a lot of restaurants in Medan who sell almost the same product as Ho Teh Tiam with variety of menus, quality, price and ways to promote their restaurant. Especially in digitalization, Ho Teh Tiam isn't active in their social media to promote and updates their stores to let their costumer compare

the product from theirs to another in aspects of price and qualities. Customer may compare a few restaurants using social media to choose their preference of products and prices that benefit them the most or suitable for them.

Based on Ho Teh Tiam Google review, there are abundant good reviews but regardless there will also some customer that put complains regarding the food quality, price and services which is shown in the table 1.2 below.

Table 1.2 Complaints of Food Quality in Ho Teh Tiam

 <p>lin shu li 1 review ★ ★ ★ ★ ★ 3 years ago (Translated by Google) If the ebi cake is ordered early in the morning, isn't there yet? If you don't make it anymore or are ready stock, just delete it from the online order menu. Disappointing. (Original) Kue bika ebinya pagi-pagi pesan masa uda nga ada?, Siang atau sore alasan habis masa pagi-pagi juga uda tinggal 1? Kalau nga buat lagi atau ready stock, hapus aja dari menu order online. Mengecewakan.</p>
 <p>Djoni Yu Local Guide · 85 reviews · 3 photos ★ ★ ★ ★ ★ a year ago (Translated by Google) Delicious food. But the food is krg fresh and the menu lacks variety. (Original) Makanan enak. Tp makanan krg fresh dan kurang variasi menunya.</p>
 <p>surya siregar 6 reviews ★ ★ ★ ★ ★ 3 years ago (Translated by Google) Not sure what place this is... (Original) Ga jelas tempat apa ni....</p>

Source: Google Review (2023)

Based on the table review above, it is showing the food quality in Ho Teh Tiam still need improvement in the future to bring in more customer and effect the customer purchase decision. And based on what shown in the table, is the main reason to use food quality as the first independent variable to conduct this research.

Table 1.3 Price Comparison of Signature Menu in Ho Teh Tiam, Tea Garden and Hai Kou, 2023












Signature Menu	Ho Teh Tiam	Tea Garden	Hai Kou
Sup Herbal Ayam	 Rp. 55.000,00	 Rp. 37.000,00	 Rp. 40.000,00
Bebek Peking	 Rp. 150.000,00	 Rp. 135.000,00	 Rp. 130.000,00
Ceker Ayam	 Rp. 35.000,00	 Rp. 17.000,00	 Rp. 22.000,00

Source: Physical Store Menus and Grab Food (2023)

By comparing the price of the signature products of each restaurant as shown in table 1.3 above, it is clear that the price in Ho Teh Tiam, it is more expensive than the other restaurant. This might be the effecting factor to sales in Ho

Teh Tiam and effecting to decreasing sales. Thus, price is one of the reasons to be used as the second independent variable.

Table 1.4 Number of Instagram Followers Comparison in Ho Teh Tiam, Tea Garden, Hai Kou, 2023

Store	Number of Followers	Instagram page
Ho Teh Tiam	23	 <p>mr.tea_hotehtiam Follow Message</p> <p>3 posts 23 followers 8 following</p> <p>mr. tea hotehtiam Mr. Tea Hotehtiam menjual Tea, Teaset, dan makanan kesehatan</p>
Tea Garden	1,946	 <p>teagarden_id Follow Message</p> <p>1,562 posts 1,946 followers 239 following</p> <p>Tea Garden Indonesia Rekor MURI Resto dgn Sajian menu terbanyak Chinese, Western, Asian food, Dimsum No Pork & No Lard Tangerang (Gd. Serpong) Jkt (Taman Palem) Medan goo.gl/btiq9t</p>    <p>Buffet Jam Operasio... Rekor MURI</p>
Hai Kou	3,762	 <p>haikourestaurant Follow Message</p> <p>540 posts 3,762 followers 6 following</p> <p>Hai Kou Chinese Restaurant Comfort & Home - Style Food in Cozy Ambience #HomeAtHaikou #CHSE Certified</p> <p>Serve Daily 11AM - 10PM</p> <p>Menu & Reservation msha.ke/besthaikourestaurant</p>      <p>Tag Grab Food #HomeAtHai... VVIP ROOM Cleaning</p>

Source: Instagram (2023)

As table 1.4 above shown that, Ho Teh Tiam isn't using Instagram to promote their restaurant as what should a restaurant do nowadays, so Ho Teh Tiam can't reach all the market audience to gain more exposure for the restaurant. Thus,

by comparing the number of Instagram followers, posting, promotion to reach more audience and bring exposure to bring the potential customer to the restaurant, this will be the reason for promotion to be used as the third variable to this research.

From the reasoning above, the author believes that food quality, price and promotion are the main factor to influent customer purchase decision. Based on the previous research conducted by Rizki, Hidayat & Devita (2019) Purchase decision is influenced by price significantly entrepreneur also must have the ability to adapt to changes the price, good product and efficient of promotion must keep evolving toward the customer market segment. Therefore, the author would like to examine thoroughly about **“The Influence of Food Quality, Price and Promo to toward Customer Purchase Decision at Ho Teh Tiam.”**

1.2 Problem Limitation

The research object is limited solely in analyzing the influence of food quality, price and promotion (as independent variables) toward customer purchase decision (as dependent variable) at Ho Teh Tiam as the research object specifying on restaurant as a whole within the dura on of January until April 2023. This research is targeted for those who purchased from Ho Teh Tiam.

Food quality (X_1) indicator are appearance, taste, freshness and innovations (Albesta.2018). Price indicator (X_2) are affordability, price consistency with product quality, price competitiveness and price consistency with benefits (Syamsul, 2021). And Advertising metrics (X_3) indicator are message, medium, time and frequency (Syaputra and Herman, 2020). In addition, metrics measuring

customer (Y) purchase decisions indicator are limited to product launch, information retrieval, alternative evaluation, purchase decision, and post-purchase behavior (Arifin, 2018)

1.3 Problem Formulation

The authors start formulating the problem based on the background research as follows:

1. Does the food quality significantly impact on the customer purchase decision at Ho Teh Tiam?
2. Does the price significantly impact on the customer purchase decision at Ho Teh Tiam?
3. Does the promotion significantly impact on the customer purchase decision at Ho Teh Tiam?
4. Do the food quality, price and promotion simultaneously influence the customer purchase decision at Ho Teh Tiam?

1.4 Research Objectives

Based on the problem formula on, the author starts conducting research with the goal:

1. Determine if the food quality significantly influences the customer purchase decision at Ho Teh Tiam.

2. To identify if price significantly influences the customer purchase decision at Ho Teh Tiam.
3. To identify if promotion significantly influences the customer purchase decision at Ho Teh Tiam.
4. To identify if food quality, price and promotion simultaneously influence the customer purchase decision at Ho Teh Tiam.

1.5 Benefit of the Research

This research is conducted to be informative and beneficial for the other parties as follows:

1.5.1 Theoretical Benefit

Theoretically, this research aims to be informative and provide an understanding of how food quality, price and promotion can significantly impact customer purchase decision at Ho Teh Tiam. And is also expected to be able to provide references to those in need of conducting another research in similar topic.

1.5.2 Practical Benefit

The practical benefits gathered and obtained from this research will be:

1. For researchers, this research is expected to be references and providing information for the future researchers as parameter regarding food quality, price and promotion of a restaurant and how can they impact the purchase decision.

2. For Ho Teh Tiam, this research is expected to able to assist the development process oh Ho Teh Tiam, especially regarding food quality, price, promotions and customer purchase decision in addition to helping develop in-depth analysis from existing performance in the restaurant as reference to formulate business development policies for better decision-making.

