

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Service sector has developed a lot year by year including the cafe business. As Indonesia is one of the largest coffee bean producers in the world with a lot of variety, coffee shop potentially develop rapidly in balancing the supply and demand of the coffee beans. Coffee shop also provides several types of coffee to satisfy the different styles of coffee drinker. Sometimes, the coffee shop could also provide some foods with the coffee as one of their menus.

Lately, there is a lot of new coffee shops business, because coffee shop could also be perfect for workplace or meeting place. Usually coffee shop also facilitates free Wi-Fi and relaxing atmosphere with the affordable price to the customers which could increase the purchasing power of various groups of people. Social media and technology also play a crucial role in making coffee shop more popular nowadays. These developments could positively help the tourism and economics in Indonesia. But it could also cause negative impacts such as hedonism lifestyle by the habit of always hanging out in the café and being more consumptive.

For the service sector business, satisfaction of the customers is a must to affect the purchasing decisions. To provide the best service it could be done by giving best product quality, reasonable prices, and strategic location. In

effecting purchasing decision, promotion also plays a crucial role to meet more prospective customers. Despite the consumers purchasing decisions effects by products, prices, locations, and promotions, there are also related to the internal and external factors such as cultural, social, and psychological factors.

According to Schiffman and Kanuk (2007) and Gulliando (2019), product quality is the company's ability to provide an identity for each product for the customers to recognize the product. The promotion according to Kotler and Amstrong (2008) and Gulliando (2019) is a variety of activities carried out between companies to communicate the benefits of their products and to convince the target consumers to buy them. The price according to Kotler and Keller (2012) and Gulliando (2019) is the amount of value that consumers exchange for benefits of product or service. According to Swastha and Handoko (2008) and Gulliando (2019), location includes distribution channels, reach, sales location, transportation, inventory, and warehousing. According to Kotler & Armstrong (2016) Koesworodjati, and Fadillah (2022) defines purchasing decisions as consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and want.

ZAC Urban is a restaurant and cafe managed by Roy Randy since 2019. It is located on Adam Malik Street Medan City, next to convenience store. It occupies three houses with warm atmosphere dominated by yellow lights, and rustic interior design, consisting of several benches and tables, long

bar table, and a glass wall. Even though this restaurant has sell several types of food and beverages, it consistently focuses on its roasted chicken.

Table 1.1 Google Review of ZAC Urban

Total reviews: 201 Total rating: 4.6		
Name	Ratings	Comment
SM	1	Food is ok. I don't feel comfortable with the service policy because wifi is not provided and table is separated.
T	3	The environment is very good, the food is delicious, the price is fair, and there are convenience stores and night markets next to it. It's a pity that the serving speed is very slow, and the waiter will forget what food we ordered, and have to ask repeatedly. I ordered five bottles of beer but asked to be delivered one by one. I was dumbfounded.
KP	3	The food is delicious, it's a shame the place is a bit hot. Ac not opened.
L	4	Great food but I give it 4 stars because of the parking space that's all.
HT	4	I have a problem with price a little.
M	4	The place is cool and comfortable. The menu is quite varied, and the food tastes good too. Spoons, forks, and knives are provided for those who order the chicken menu. Gloves are also provided if it is difficult to use a knife. So eat it clean. Food was served pretty quickly. The place is directly connected to K3 mart so you can shop after eating. Not many photo spots. Parking area is not too wide, and the place to eat is also not too wide. Maybe it needs to expand because it's quite dense with customers when it's lunchtime.

Source: Google Review (2023)

From the table 1.1, the writer can see that some of the customers have complained about the location, food quality, and price. Even though the location is strategic but it has a problem parking a car and since it next to convenience stores and night market it could caused the customers to have other choices. For some customers, the food quality also needs more improvement, and the price might be a problem for some customers. While for the promotion it needs to be improved more, since the number of customers

not too much seen by the number of reviews. “The Influence of Product Quality, Prices, Location and Promotions on Purchasing Decisions at ZAC Urban, Medan”.

Every cafe certainly has its competitor including ZAC Urban café which in this case, it is compared to Thirty Six café. The menu price comparison between ZAC Urban café, are below:

Table 1.2 Menu Price Comparison

Menu	ZAC Urban	Thirty Six
Seafood Aglio Olio	Rp. 58.000	Rp. 60.000
Smoked Chicken/Beef Carbonara	Rp. 62.000	Rp. 55.000
Salted Egg Fried Rice	Rp. 42.000	Rp. 45.000
Fish & Chips	Rp. 55.000	Rp. 70.000
Grilled chicken (half)	Rp. 58.000	Rp. 65.000

Source: Google Review (2023)

Therefore, based on the stated problems and previous researches, this research journal entitled: “THE INFLUENCE OF FOOD QUALITY, PRICES, LOCATION, PROMOTIONS ON PURCHASING DECISIONS AT ZAC URBAN, MEDAN” will focus on learning the impact of food quality, prices, location, and promotion on customer purchasing decision.

1.2 Problem Limitation

There are limitations in this research, the writer will only focus on the food quality, prices, location, and promotions as independent variables (X) influence purchasing decisions as dependent variables (Y) at ZAC Urban Cafe, Medan City with the research time from November until April 2023.

1.3 Problem Formulation

The writer has formulated several questions in this study during

preliminary research in this company such as:

- a. Does product quality have a partial influence on customer purchase decision at ZAC Urban Medan?
- b. Does price have a partial influence on customer purchase decision at ZAC Urban Medan?
- c. Does location have a partial influence on customer purchase decision at ZAC Urban Medan?
- d. Does promotion have a partial influence on customer purchase decision at ZAC Urban Medan?
- e. Do product quality, price, location, and promotion simultaneously influence customer purchase decision at ZAC Urban Medan?

1.4 Objective of the Research

The objective of this research consists of:

- a. To discover whether product quality has influence on customer purchase decision at ZAC Urban Medan.
- b. To examine whether price has influence on customer purchase decision at ZAC Urban Medan.
- c. To investigate whether location has influence on customer purchase decision at ZAC Urban Medan.
- d. To explain whether promotion has influence on customer purchase decision at ZAC Urban Medan.
- e. To discover whether product quality, price, location, and promotion have

simultaneously influenced customer purchase decision at ZAC Urban.

1.5 Benefit of the Research

There are two types of benefits from the research of Food Quality, Prices, Location, and Promotions on Purchasing Decisions at ZAC Urban, Medan.

1.5.1 Theoretical Benefit

The theoretical benefit of this research is to find out whether Product Quality, Prices, Location, and Promotions could impact Purchasing Decisions or not. Furthermore, this research could gain more insight and knowledge of the variables such as Product Quality, Prices, Location, and Promotions.

1.5.2 Practical Benefit

The practical benefit of this research such as:

- a. For the writer, this research could give more insight and knowledge about Product Quality, Prices, Location, and Promotions towards purchasing decision.
- b. For the company, this research could be input for improving customer purchase decision by understanding more about Product Quality, Prices, Location, and Promotions.
- c. For the other researches, this research could be reference related to Product Quality, Prices, Location, Promotions, and Purchasing Decision.