

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Consumer purchasing decisions have become an interesting thing for consumers marketers, especially in which brand will consumers be interested in consumers of many other brands. Basic marketers used to determine a strategy is consumer behavior how to consumers make decisions in buying a product or service. The purchase decision is a stage in the decision-making process purchases where consumers actually buy.

Consumers in making basic decisions are solving a problem whether it meets the needs, how to buy, and where will buy. Purchase decisions are made by consumers through preference for preferred brands and consumers intend to buy a preferred brand. The purchase decision is behavior that arises because of a stimulus or relationship from another party. The decision about what to buy is dependent on the outcomes of the previous task, which includes deciding what to buy or not make a purchase. The buyer and the seller, who are both partners in the exchange and purchase process, are involved in deciding what to buy. Product sales will decline in tandem with consumers' declining purchasing decisions, and vice versa, with sales initiatives like effective consumer promotion, product sales will rise alongside consumers' rising purchasing intentions.

One of the things that can affect consumers in making a purchase decision is the existence of a brand image. Brand image is one thing that is remembered in the mind of consumers who will make a purchase on a branded product. Brand image is the perception and belief held by consumers. Brand image is an association that exists in the consumers when remembering a particular brand. Brand image is very important as trust or confidence for consumers in a brand thereby convincing consumers to make purchases continuously.

Brand image is the consumer's response to a brand based on the good and bad of the brand that consumers remember (Keller & Swaminathan, 2020). Brand image is one of the factors that consumers consider before making a purchasing decision since it has the power to persuade them to buy a product. (Mulianto, et al. 2021). Companies invest in brand image in order to create consumer brand perceptions of their products. Brand image affects how customers view a product and allows them to compare how well they rate it. (Rihayana, et.al, 2021).

One of the things that can affect consumers in making a purchase decision is the existence of service quality. Marketing will increase as a result of good service since customers will be more inclined to tell their friends and family about the product or service. Service quality has a significant effect on purchasing decisions (Sivaram et al., 2019)

All facets of service quality ought to be enhanced once more since they all have a substantial impact on purchase choices. Making sure that

staff members have the necessary knowledge to address customer requests is a factor that requires more attention. (Wydyanto, 2021).

One of the things that can affect consumers in making a purchase decision is the existence of social media marketing. Social media marketing is one of the tools that are widely used by marketers in marketing disseminate information about a product to consumers. Social media network This is a new form of dialogue between "consumer to consumer" and "business to consumer". consumer" which has major implications for marketers.

Through the social media pages of a company, various assessments can be found consumers and can share their experiences and will indirectly affect the company's image. Furthermore, if the service received by consumers exceeds expectations, then the quality of service is perceived as quality The ideal. On the other hand, if the service received is lower than the expected, then the quality of the service is perceived as poor quality and thus will influence them in making decision.

Businesses now have access to social media as a powerful marketing tool because to its development. Marketing that employs social networking sites as a route for communication is known as social media marketing. (Kujur & Singh, 2017). Social media is a crucial instrument for economic growth since it allows for two-way communication and low-cost marketing to gather data, interact with people, and build relationships with customers. (Irfan et al., 2019). The results show that social media influence and trust

have an important effect on purchasing intentions. Using social networking sites to make purchases is more influenced by social media marketing than by trust. (McDaniel 2018)

In addition to brand image, service quality and social media marketing, consumers in making a purchase decision are certainly influenced by its characteristics consumers have different characteristics, for example, it can be seen from the type of gender, age, occupation, and income. Therefore, this research is intended to examine and explain the effect of social media promotion and service quality on purchasing decisions by considering the characteristics of consumers.

Upper Terrace Cafe is a business engaged in the food and beverage business in a cafe located at Jl. Bambu II No.90A, Medan, North Sumatra. In an effort to make high quality purchasing decisions. This can still be seen on social media where the upper terrace cafe review rating is at level 4.6. Upper Terrace Cafe is a quality vegetarian dining cafe. The location is easy to reach and customers who have been to the Upper Terrace Cafe really enjoy the menu served. There are many food and drink menus with prices according to taste, presentation and quality.

The problem with the Upper Terrace is that all menus recommended on food social media are not available and there is still poor service. There are many consumer complaints regarding the quality of service provided by the Upper Terrace Cafe, such as the music being too loud, besides that there are some employees who are not friendly and don't smile at visitors. If the

expected service quality is not appropriate, even consumers will not return to using the services offered by Upper Terrace Cafe. If this happens, then the consumer's purchase decision is low. Apart from service quality issues, brand image and social media marketing are also a consideration for consumers who visit the Upper Terrace Cafe, namely the prices are higher than other food stores. Some visitors also complained about prices that did not match the food and taste of the drinks provided by the Upper Terrace Cafe in an effort to make purchasing decisions at the Upper Terrace Cafe. If the price is more offered Upper Terrace Café expensive when compared to other similar stores, consumers will think twice about making purchases at the Upper Terrace Cafe, which can result in the Upper Terrace Cafe losing customers. Here are the results of the Upper Terrace form collection.

**Figure 1.1 Form Collection of Upper Terrace**  
Source Prepared by Writer (2023)

Brand image has not competed with other cafe brands. According to Lilis (2018), that just 2 million Indonesians out of the country's 260 million inhabitants consume vegetarian food—less than 1% of the population—we can see that the vegetarian population is still relatively small. Upper Terrace is a modern cafe in Indonesia that specializes in vegetarian cuisine. This affects the brand image of the Upper Terrace itself, where Indonesian residents still consume a small amount of vegetarian food. Therefore, the brand image of Upper Terrace is less known to many people than other cafes therefore, this can affect the effect of purchasing on the upper terrace of Medan.

Service quality is still lacking apart from uses google reviews, Upper Terrace Cafe distributes 100 feedback forms to customers. As a comparison of the 10 forms of feedback there are 7 forms of feedback with the following results are service is unsatisfactory, food is average and prices is more expensive and for the service is need improvement.

We can see from the upper terrace social media that they frequently post photos about upper terrace menu, but it is very uncommon for them to post an interesting promotion. The upper terrace itself frequently advertises its food and beverages only for promotions. But for the discount's promotion, which is still very rare and arrangement of photos on Upper Terrace's social media (Instagram) is a little messy and the color combinations don't match so well which makes their attractiveness less interesting on social media. And we can see from the chart below, the chart



is not stabil this kind of things can happen because of some aspect that I mention before.



**Figure 2.2 Account Insights of Upper Terrace**  
Source Prepared by Writer (2023)

In this study, researchers took a study on Upper Terrace Cafe which is at Upper Terrace Cafe located on Jl. Bambu II No.90 A Medan. Upper Terrace Cafe is relatively new, but enough counted as a hangout choice for people in the city of Medan. This Upper Terrace Café wants to change people's thinking that eating vege is a lifestyle. Not just because of religion or other beliefs. Upper Terrace Café wants to make people come, eat, and unknowingly enjoy dishes that do not contain elements of meat.

The writer will conduct the research with **“The Influence of Brand Image, Service Quality, and Social Media Marketing on Purchase Decision at Upper Terrace Cafe, Medan”**.

## 1.2 Problem Limitation

The problem limitation is used to prevent irregularities or expanding of the primary topic, allowing the research to be more focused and the discussion to be more successful, thereby allowing the study objectives to be met.

Brand Image, service quality and social media marketing as independent factors (X) and purchase decision as dependent variables (Y) are some of the concerns in this study's limitations.

The research was conducted at Upper Terrace Café, Medan located on Jl. Bambu II No.90A, Medan, North Sumatra.

In this research, the indicators for brand image include recognition, reputation, affinity and loyalty (Kotler and Ketler, 2017). The indicators for service quality include tangibles, reability, responsiveness, assurance, emphaty, (Tjiptono, 2017). The indicators for social media marketing include context, communication, collaboration and connection (Mandibergh, 2018). The indicators for purchase decision include problem introduction, Evaluation of alternatives, Information Search Post-Purchase Behavior and Purchase Decision (Kotler and Keller, 2017).

## 1.3 Problem Formulation

Based on the above background, the formulation of the research problem is:

- a. Does brand image have partial influence on purchase decision at Upper Terrace Café, Medan?



- b. Does service quality have partial influence on purchase decision at Upper Terrace Café, Medan?
- c. Does social media marketing have partial influence on purchase decision at Upper Terrace Café, Medan?
- d. Do brand image, service quality and social media marketing have simultaneous influence on purchase decision at Upper Terrace Café, Medan?

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

Based on the problem statement that has been described, the objective of this research are as follows:

- a. To examine whether brand image has partial influence on purchase decision at Upper Terrace Café, Medan.
- b. To examine whether service quality has partial influence on purchase decision at Upper Terrace Café, Medan.
- c. To know whether social media marketing has partial influence on purchase decision at Upper Terrace Café, Medan.
- d. To investigate whether brand image, service quality and social media marketing have simultaneous influence on purchase decision at Upper Terrace Café, Medan

## **1.5 Benefit of Research**

This researcher expects that this research can provide not only theoretical but useful for various parties in accordance with the purpose of the research, the uses of this research are:

### **1.5.1 Theoretical Benefit**

Theoretically, the researcher hopes that this study will serve as a source of information for other academics who wish to conduct more research on purchasing decisions.

The writer also hopes that this research's results can increase knowledge and insight about the influence of brand image, service quality and social media marketing towards purchase decision.

### **1.5.2 Practical Benefit**

Practically, the writer expects that this research can be used as follows:

#### **a. For The Writer**

This study is anticipated to be able to inform future research and act as a resource for studies on how social media marketing, service quality, and brand image affect consumer purchasing decisions.

#### **b. For Upper Terrace Café, Medan.**

The results of this study are expected to provide information such as an evaluation brand image, service quality, social media marketing and purchase decision.

c. For the University

It is anticipated that this research will be able to inform decision-related research and provide it as a resource for other students.

d. For Other Companies

For other culinary companies, this research can provide input in management about brand image, service quality, social media marketing also can provide input on how to improve purchasing decisions in the future.

e. For Researchers

The other of this research should be a reference source for other researchers into the influence of brand image, service quality, social media marketing towards purchase decision.

