

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

The food and beverage (F&B) industry is intricately associated with a high level of competition. The heightened competition arises from the proliferation of new market entrants and the advent of novel marketing strategies that confer competitive advantages to enterprises. Food and drink are widely recognized as fundamental need for all individuals. Intriguingly, in order to thrive amidst the competitive landscape, businesses must embrace creativity and innovation to extend their operations and develop products that can effectively compete with others.

In today's society, customers are provided with a wide range of options when it comes to selecting their cuisine preferences. Given the wide array of options available for food consumption, people have a critical approach in selecting products that match with their specific requirements and personal preferences. In the food industry, the promotion, company or brand image, and Social Media are significant factors that effect business operations.

Brand image is the initial face of a business in the form of characteristics, perceptions according to what they have interacted with or experienced, so that it can cause people to switch brand or attract customers to make a purchase decision.

The object of this research is fritto chicken. Fritto Chicken is a fast food restaurant that has been established for 3 years in Medan since January 2020, where

this company is a family-based fast food restaurant and has now opened a total of 16 branches, which are 14 branches in Medan (including 2 branches in the Deli Serdang sub-district), and 2 branches in Tangerang Jakarta.

PT Fritto Chicken has not yet ventured into franchising, despite its establishment of 16 locations in Medan. It is claimed that this decision stems from the company's desire to further cultivate and enhance the recognition of the Fritto Chicken brand among the local community.

Based on the interview with Fritto Chicken Sumarsono Supervisor, it is evident that Fritto Chicken has come to the realization that just offering food and beverages is insufficient in meeting consumer satisfaction and effecting their purchase decisions. The effect of brand image, social media involvement, and promotional can significantly effect consumer purchasing decisions for Fritto Chicken. As a result of the growing presence of business competitors within the food and beverage industry, customers are provided with a wider range of product possibilities. Consequently, customers prefer to evaluate various aspects such as how people see the brand image, social media, prices, promotional offers, and other relevant considerations in order to determine the optimal value proposition.

A bad brand image, coupled with limited promotional efforts and minimal engagement on social media platforms, can lead to customer dissatisfaction. This dissatisfaction may prompt customers to share their negative experiences with others, resulting in potential customers choosing competitors over the brand in question. Consequently, this can lead to a decline in purchasing decisions.

Numerous academic studies and market research have extensively examined the effect of promotion, brand image, and social media on client purchasing decisions. Scholars frequently examine the associations among these variables in order to gain insights into their interplay and effect on customer behavior.

Simamora and Islami (2023) define customer behavior as encompassing the diverse actions and decisions undertaken by people or groups while selecting, acquiring, utilizing, and evaluating items or services to meet their requirements and preferences.

Consumer behaviour is a complex and contentious area of study that encompasses the actions and decision-making processes of consumers in relation to their purchasing behaviours, as well as the underlying motivations and mechanisms that drive these behaviours. Additionally, it involves the examination of marketing strategies and the composition of the marketing mix within the marketplace (Horner, 2020). The complex decision-making process encompasses the first stages of problem identification, information gathering, and evaluation of alternatives, as well as subsequent stages involving purchase and post-purchase behaviour.

The present marketplace is shaped by various influential aspects, including brand image, promotion, and social media, which significantly effect client buying decisions. Consumer purchasing decisions encompass the activities undertaken by individuals to directly engage in the process of selecting and acquiring products from sellers (Hidayat, 2021). The primary determinant for a corporation in

executing its business operations is the substantial purchasing inclination exhibited by consumers towards a specific good or service.

Typically, consumers engage in a series of phases to facilitate the purchasing process. These processes include problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behaviour (Kotler & Keller, 2016 as cited in Qazzafi, 2019).

1. Problem recognition is a crucial step in the customer's purchase decision-making process. It occurs when consumers see a need for a product, which can be caused by both internal and external stimuli. At this stage, it is imperative for producers to accurately identify the stimuli that effectively capture consumer interest in their product.
2. Information Search, consumers who are moved by stimuli will seek a lot of information which sources can be sought by consumers are divided into 4 groups:
  - a) personal, e.g., family, friends, neighbours,
  - b) commercial, e.g., advertisements, websites, salespeople, intermediary traders,
  - c) public, e.g., mass media, consumer rating organizations, and
  - d) experience, e.g., product users.
3. The evaluation of alternatives is a crucial step in the decision-making process for consumers. After conducting an introduction to the problem at hand and gathering relevant information on the items required, consumers will proceed to assess and analyze the information received.

4. The purchase decision is made by consumers after assessing the information they have collected. They will choose to buy the product that is most preferred or trusted based on the findings of their evaluation.
5. Post-purchase behaviour refers to the actions and attitudes exhibited by consumers after completing a purchase. It is commonly understood that consumers have a sense of product ownership upon making a purchase. The level of post-buy satisfaction can be evaluated by assessing the extent to which the product aligns with consumer expectations. Subsequently, individuals may engage in word-of-mouth communication to share their experiences with other consumers.

When making purchasing decisions, people often take into account promotional activities. Moreover, there has been a significant amount of study conducted on the effect of promotional activities on consumer purchase decisions within the realm of online shopping. The effect of discounts and free delivery services on customers' perceptions of product value and brand loyalty has been demonstrated in previous research (Prasetyo et al., 2021). The effect of brand image on consumer purchase decisions has been well recognized, as evidenced by empirical studies indicating its significant effect on customer buying behaviour (Saputra, 2022). The maintenance of a robust and favourable brand image is of utmost importance as it can significantly effect client buying behaviour.

Research studies often utilize a range of methodological approaches, including surveys, experiments, and case studies, in order to collect data pertaining to customers' brand views, social media utilization, and purchasing behaviours.

Statistical analysis techniques are frequently employed to investigate the associations and evaluate the magnitude and statistical significance of the observed effects.

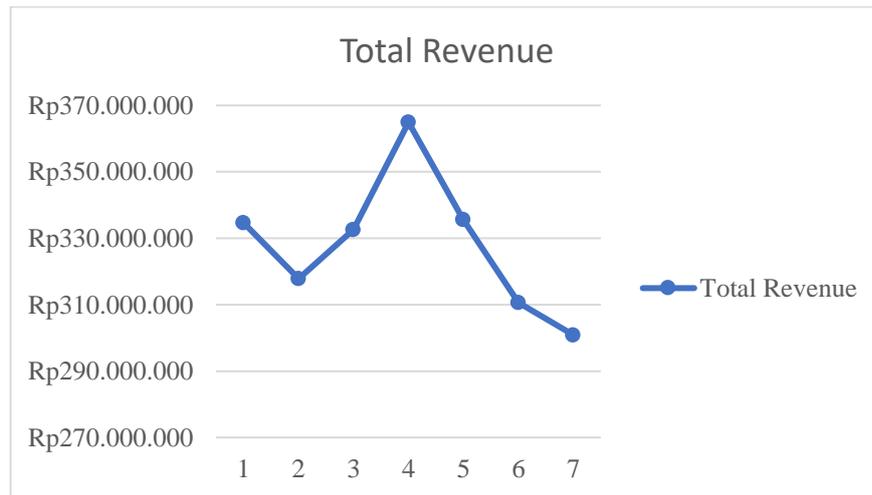
The study took place at the Fritto Chicken Sumarsono Branch, Medan. The Fritto Chicken Sumarsono Branch, often known as Fritto Land, is located on Jl. Kapten Sumarsono, Medan. One of the challenges associated with this purchasing decision is the observed decline in revenue at the Fritto Chicken Sumarsono Branch, Medan.

**Table 1. 1 Revenue Data of Fritto Chicken Sumarsono Branch (January – June 2023)**

Month	Total Revenue	Percentage
January	Rp334.732.000	-
February	Rp317.903.000	-5,03%
March	Rp332.543.000	4,61%
April	Rp364.902.000	9,73%
May	Rp335.578.000	-8,04%
June	Rp310.576.000	-7,45%
July	Rp300.895.000	-3,12%

Sources: Prepared by the writer (Fritto Chicken Sumarsono Branch, 2023)

The table 1.1 Above shows that the revenue of fritto chicken keep decreasing except March and April 2023, while the highest decline in revenue is in May 2023 as much as -8,04% compared with April revenue. The decline in sales revenue can indicate that the interest in the costumer purchase decision is decreasing.



**Figure 1. 1 Revenue Data of Fritto Chicken Sumarsono Branch (January – June 2023)**

Sources: Prepared by the writer (Fritto Chicken Sumarsono Branch, 2023)

The promotion activity carried out during the year 2023 at Fritto Chicken Sumarsono Branch in Medan were found to be quite a lot, as evidenced by interviews conducted with of Fritto chicken Sumarsono Supervisor, Mr. Riki Dwi Riansyah. digital marketing strategies employed by Fritto Chicken, but the promotions conducted on social media platforms through Fritto chicken accounts show a limited reach to customers, resulting in a lack of awareness and participation in purchase decision. This is primarily due to the requirement of a minimum number of posts and interactions with customers on social media platforms such as TikTok, YouTube, and Instagram. In general, Fritto employs promotional strategies such as offering a "hujan ayam" or buy 1 package of 5 chicken, 3 milkshake, and 3 rice, or "the whole chicken package" deal for select chicken menu items. These promotions are promoted through various social media platforms, including TikTok, YouTube, and Instagram, utilizing short-form videos and posts.

The writer chose to run a pre survey involving a sample of 35 randomly selected consumers in order to get data on the perception of the company's brand image. The findings of the pre survey are presented in Table 1.2.

**Table 1. 2 Comparison between fast-food in Medan brand Image**

No	Statement	KFC	Mcdonald	Fritto Chicken	Chicken Crush	Others
1	When considering fast food restaurant, which specific restaurant first comes to your mind?	9	13	4	1	8
2	Which service provided by the fast-food business that do you prefer more?	8	19	2	0	6
3	If you are craving for fried chicken in Fast-food restaurant, which restaurants do you often like or recommend visiting?	14	7	5	1	8

Source: Costumer dining at the Fritto Chicken Sumarsono restaurant, 2023

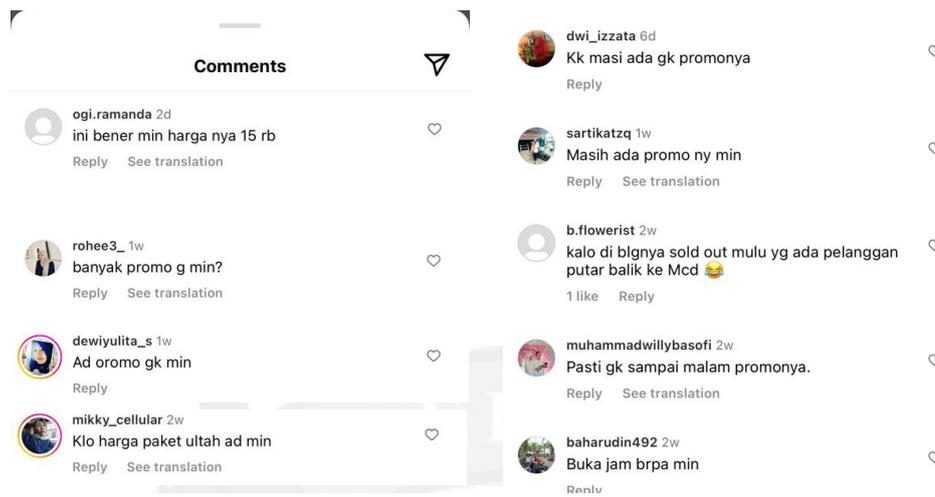
It can show that the brand Image of Fritto chicken itself is still not strong enough compared with the other competitors. The score of fritto chicken is still fall behind the other two competitors which are KFC and McDonalds even though the one who take the surveys are dining at Fritto Chicken within a period of 3 days, starting from 23 August to 26 August 2023. According to (Išoraitė, 2018), Brand image reflects the perceptions, beliefs, and associations that customers have with a brand. It encompasses various aspects such as the brand's personality, reputation, quality, and values. A positive brand image can enhance customer loyalty, trust, and purchase decision.

Table 1. 3 Number of Interaction of Social Media of Fritto Chicken

Platform	Explanation	Instagram			Tik-Tok			Youtube		
		Jul	Aug	Sept	Jul	Aug	Sept	Jul	Aug	Sept
KFC Indonesia	No of views	604,8 K	1914,1 K	913,9 K	8446,6 K	3097,0 K	285,7 K	2,2 K	343,0 K	123,8K
	No of post	18	19	13	28	39	26	1	1	2
	Average	33,6 K	100,7 K	70,3 K	301,7 K	79,4 K	11,0 K	2,2 K	343,0 K	61,9 K
Mcdonald Indonesia	No of views	6390,6 K	4516,3 K	4709,8K	121,5 K	70,1 K	39,5 K	20288,4 K	33342,2K	3710,5K
	No of post	31	30	32	6	7	8	2	8	5
	Average	206,1 K	150,5 K	147,2 K	20,3 K	10,0 K	4,9 K	10144,2 K	4167,8 K	742,1 K
Richeese Factory	No of views	604,8 K	1914,1 K	913,9 K	845,2 K	200,5 K	5,4 K	4,7 K	2,0 K	0
	No of post	9	17	10	21	25	6	2	1	0
	Average	67,2 K	112,6 K	91,4 K	40,2 K	8,0 K	0,9 K	2,4 K	2,0 K	0,0 K
Fritto Chicken	No of views	24,8 K	25,4 K	8,3 K	24,3 K	47,1 K	90,4 K	0,1 K	0,0 K	0
	No of post	4	4	4	13	12	6	1	0	0
	Average	6,2 K	6,4 K	2,1 K	1,9 K	3,9 K	15,1 K	0,1 K	0,0 K	0,0 K

Sources: Prepared by the writer (2023)

We can see that the comparison between the number of views and the number of likes and comments is not comparable, where the number of likes given by viewers is very small, especially the number of comments on posts, Different from other social media fast food restaurants such as KFC Indonesia and McDonald Indonesia which post on their TikTok which sees from thousands to tens of thousands with hundreds of likes and comments, YouTube McDonald Indonesia which has views of up to several million, KFC Indonesia which has hundreds to hundreds of thousands of views.



**Figure 1. 2 Chat column on Fritto Chicken Instagram**

Sources: Prepared by the writer (Fritto Instagram, 2023)

We can see from the figure 1.2 that some of the comment in Fritto Chicken Instagram social media is unanswered even though it's been a long time since it has been asked by costumers or social media users. Which a lot of the questions also mention about the promotion, such as is the promo still available?, is there any promo or not?, are there lots of promos?

Social media has emerged as a significant commercial tool in the present digital era, and much study has been conducted to examine its effect on consumer buying behaviour. According to Altintas and Imamoglu (2023), social media platforms play a crucial role in enabling interactions between brands and customers, as well as fostering communication among customers themselves. These interactions have the potential to shape customer preferences and the perceived value of brands. Consequently, the utilization of social media platforms for brand promotion and consumer engagement holds the capacity to effect clients' purchasing decision.

Social media platforms have emerged as important tools for the promotion of brands and engagement with customers. According to Koay (2020), social media platforms provide brands with the opportunity to engage in direct customer interaction, facilitate the dissemination of information, and cultivate brand experiences. Moreover, it empowers customers to offer comments, evaluations, and suggestions to their social network, so exerting effect on the purchasing decision of others (Tien, 2019).

## **1.2 Problem Limitation**

There are some limitations on how promotion, brand image, and social media might effect consumer purchasing decisions at Fritto Chicken Restaurant Sumarsono Branch in Medan, Indonesia:

1. Generalizability: The study's conclusions might only apply to Fritto Chicken and not to other fast-food chains or other geographical areas. The generalizability of the findings may be effected by variables like regional preferences, cultural effects, and competition dynamics that vary across different situations.
2. This research use three (3) Independent Variables, Which are; Promotion, Brand Image and Social Media, and one (1) Dependent Variables, which is Purchase Decision
3. For the first independent variable (X1) is Promotion, which indicators are; Advertisement, Public Relations, and Sales Promotion.
4. For the second independent variable (X2) is Brand Image, which indicators are; Company Image, Product Image, and Customer image.

5. For the third independent variable ( $X_3$ ) is social media, which indicators are; Context, Communication, and Connection.
6. For the Dependent Variable ( $Y$ ) is Purchase decision in which the indicators are; Product choice, Brand Choice, Distribution Method, and Purchase Timing.

### **1.3 Problem Formulation**

Based on the background of the study, the question to be answered in this research are as follows:

1. Does Promotion have partially effect on customer purchase decision at Fritto Chicken Sumarsono branch?
2. Does brand image have partially effect on customer purchase decision at Fritto Chicken Sumarsono branch?
3. Does social media have partially effect on customer purchase decision at Fritto Chicken Sumarsono branch?
4. Do Promotion, brand image and social media have simultaneous effect on customer purchase decision at Fritto Chicken Sumarsono branch?

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

The objective of this research are as follows:

1. To analyze how Promotion has partially effect on customer purchase decision at Fritto Chicken Sumarsono branch.

2. To analyze how Brand Image has partially effect on customer purchase decision at Fritto Chicken Sumarsono branch.
3. To analyze how Social Media has partially effect on customer purchase decision at Fritto Chicken Sumarsono branch.
4. To analyze how Promotion, Brand Image, and Social media have simultaneous effects on customer purchase decision at Fritto Chicken Sumarsono branch.

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

This report may give new information and give some knowledge about Promotion, Brand Image, social media at purchase decision which make the researcher have a deeper understanding and new knowledge.

### **1.5.2 Practical Benefit**

1. For the PT Fritto Chicken, this report may give some insight to improve their company in term of promotion, brand image and social media on costumer purchase decision.
2. This report also provide the advantage itself for the company to have deeper understanding about the internal and external factors that effect the promotion, brand image and social media on costumer purchase decision.
3. For the researcher, this report may give references for the academic purpose or future research.