

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The food industry is one of Indonesia's most important creative sectors and Indonesia is one of the countries with some of the exquisite cuisine in the world. During this pandemic it is challenging for many restaurants and food vendors to keep their doors open or even to sell food. More people chose to stay at home and cook their own meals due to the restriction out of worry for their safety and cleanliness. After the situation calmed down, customers gradually adapted to the "new normal" as more restaurant owners reopened their business, collaborated with food delivery services, and created new concepts for their restaurants. Once the restrictions on dining in restaurants were lifted, several restaurants opened and started to adjust their store concept to meet the needs of modern society. (Natalia, 2021)

Nowadays, there are more cafés and restaurants that have been established and they are all competing for customers. It can be seen that more business owners have shifted their interest to the food and beverage sector to meet society's need for places to hang out with friends and spend time with family on the weekend while enjoying a delicious meal. Customers anticipate the service that restaurants offer since it will affect their decision to repurchase.

As cited in Angelika & Lego (2021) Kotler (2003) states that purchase decisions are decisions made by customers and it begins with awareness of their needs, gathering information, assessment, and comparison of available alternatives.

To attract customers, a company should always improve and maintain the quality of their product. Customers will evaluate a product's quality while deciding whether they will buy the goods or services (Mowen and Minor (2012: 90) in Rasyiddin, Rini, & Fadli 2022). Food quality is an indicator of how enjoyed a food item is by customers, therefore during food processing, decisions are made based on their preferences. When customers reject the food (products), especially if it has to do with the quality, the goal of production is violated (Nwadi & Okonkwo, 2021).

As one of the elements that customers will evaluate when they make a purchase at a restaurant, food quality is one that should always be improved and maintained. Food quality is one of the factors that influences the purpose of food production in addition to being an indicator in customers' evaluation.

Service quality comprises all actions taken by the company to enhance the quality of a service to exceed the customer expectations (Moha & Loindong (2016, P. 577) Angelika & Lego, 2021). Therefore, employees must provide services in line with what the customers intended to maintain satisfaction. However, by improving the weak spots pointed out by the customers it is feasible to decrease the number of complaints from dissatisfied customers.

As stated by Hannah: Restobiz (2014) in Yaprianko (2021), the nature of an atmosphere that leaves an indirect effect in those who visit a location may be described as the ambiance. The fact that eating is no longer only about trying different food, people mostly go to a restaurant to satisfy their social demands. This means that the environment's functions are as important as the food. Therefore, to

provide the ideal ambiance for the customers and convince them to stay longer, restaurants are improving their physical appearance.

Promotion is a type of marketing strategy used to build customer demand for the supplied product quality and make it more enticing for customers to choose to purchase the provided product quality (Sangaji (2013: 18) in Rasyiddin, Rini, & Fadli, 2022). Making people aware of the product itself, its uses, and its benefits is the aim of promotion. For the promotion to be effective, the marketing campaigns must be clear and directed at a certain audience and published via the right method. Those who use and are impacted by the products will be the target market. The information delivered must match the brand's entire marketing strategy, grab the target market's attention, and encourage customers to purchase (Tumati, Daskin, & Zakwani, 2023 from Ehmke *et al*, 2021).

The purpose of promotion is to make the potential customers understand about the product and how the product can fulfill their demand and needs. Customers must therefore be attracted by the marketing strategy for them to change their mind and decide to purchase the products.

Purchase decisions are the actions customers take before deciding whether to purchase a product. A customer's decision to buy a product can be impacted by several issues, including the environment and the attitudes of other people (Kotler (2013) in Rasyiddin, Rini, & Fadli; 2022). As cited from Baihaky, Yogatama, & Mustikowati (2022) consumer behavior that aims to decision development process in buying goods and services offered can be explained as the definition of purchase decision. As a decision making process that involves choices on the types and

benefits of products, product design, brands, the number of products, sales, and decisions regarding the best time to buy and how to pay.

The action customers take before deciding whether to purchase a product is defined as purchase decisions which can be influenced by several factors such as environment and others attitude. Besides that, purchase decisions are a decision making process that involves several elements like product types, benefits, design, brands, and sales.

Cow & Co. is one of the steakhouses in Medan that was established in 2021. It is on Gedung Yafurni Plaza at Iskandar Muda Street Medan city unit 5-7. Cow & Co. has a modern and minimalist concept with a cozy, warm, and exclusive atmosphere with dominant yellow lights, consisting of several types of seats according to the number of customers and their preferences Cow & Co. also offer both indoor and outdoor seating. Cow & Co. serve exclusively imported beef steaks from Australia and US. Besides the beef steaks, they serve other protein dishes such as chicken and fish as well as other pasta and salad options on their menu.

The writer has conducted this research online and discovered Google reviews about Cow & Co. Medan service quality, food quality, and ambiance based on how convenient it is to share reviews online. There are 82 out of 250 comments in Google reviews about the food quality, service quality, and ambiance of Cow & Co. Medan from 2021 – earlier 2023, there are 51% or 42 of the reviewer give good review about the food, and 6% or 5 with bad food quality reviews. However, 17% or 14 reviewers give good reviews and 9% or 7 reviews about bad service quality. On the other hand, 17% or 14 reviewers state it has a nice ambiance. The number of

Google reviews of food quality, service quality, and ambiance are shown in Table 1.1 and Figure 1.1.

Table 1.1 Percentage of Google Review in Table Form

Google Review	Percentage	Number of Reviewer	From: 82 Reviewers out of 250
Good Food Quality	51%	42	
Bad Food Quality	6%	5	
Good Service Quality	17%	14	
Bad Service Quality	9%	7	
Nice Ambiance	17%	14	

Source: Google Review

Figure 1. 1 Percentage of Google Reviews on Food Quality, Service Quality, and Ambiance at Cow & Co.



Source: Google Review

Table 1.2 Google Review of Cow & Co.

Total reviews: 250 Total ratings: 4.7			
Rating	Total Person per Rating	Name in initial (Year)	Comment (example)
1	3	DN (2023)	It's a very long wait at this restaurant, for those who eat on the spot, maybe it's prioritized over those from online.
2	3	MO (2023)	I went with a couple of friends to chat and have dinner. The live song was annoyingly too loud. Even after we complained to the waiter, the singer didn't lower the volume of the voice. It's really annoying.
		JM (2023)	Bad and slow services. Have to repeatedly remind the waiter/waitress for the item ordered
3	11	SK (2022)	After long waiting just discover that the waiter miss out one of our order. The steak is taste less ... only salty I can judge.
4	40	PG (2023)	The atmosphere is quite cozy. Service is fine. But the steak sometimes a bit overcooked.
		KS (2023)	The experience of eating here is good, the atmosphere of the restaurant is also ok... Only the beef steak that I ordered was medium done, like doneness... so the beef tasted very overcooked and tough...

Source: Google Review

From Table 1.2, the writer can see that there are complaints from customers about the meat that is overcooked, long waits, bad and slow service. Some customers find it is quite noisy for the live music, waited too long for their order, their steak doneness is different from expected, and some feel that the atmosphere in Cow & Co. is nice. The number of reviewers in google writer indicates that there aren't a lot of customers so, Cow & Co. need to improve their promotions.

The purpose of this study is to examine how Cow & Co, Medan customers purchase decisions that are affected by the food quality, service quality, store ambiance, and promotions. The thesis for this research is titled “The Influence of Food Quality, Service Quality, Store Ambiance, and Promotions Towards Purchase Decision at Cow & Co. Medan”.

1.2 Problem Limitation

Due to the limited time and sources, this research will only discuss about food quality (X1), service quality (X2), store ambiance (X3), and promotion (X4) as the independent variables that influence customer purchase decisions as a dependent variable (Y) at Cow & Co. Medan as the research object.

1.3 Problem Formulation

Based on the background of the study mentioned above, the writer has formulated several questions on the research problem as follows:

1. Does food quality have partially influence Cow & Co. customers' purchase decision?
2. Does service quality have partially influence Cow & Co. customers' purchase decision?
3. Does store ambiance have partially influence Cow & Co. customers' purchase decision?
4. Does promotion have partially influence Cow & Co. customers' purchase decision?
5. Do food quality, service quality, store ambiance, and promotions have simultaneously influenced Cow & Co. customers' purchase decision?

1.4 Objective of the Research

The following are the purposes/objectives of this research:

1. To identify the influence of food quality on customer purchase decision at Cow & Co.
2. To identify the influence of service quality on customer purchase decision at Cow & Co.
3. To identify the influence of store ambiance on customer purchase decision at Cow & Co.
4. To identify the influence of promotion towards customer purchase decision at Cow & Co.
5. To determine whether the food quality, service quality, store ambiance, and promotion has simultaneous influence towards customer purchase decision at Cow & Co.

1.5 Benefits of the Research

The benefit and result of this research is anticipated to offer insight for the business especially with a focus on improving and preserving the food quality, service quality, store ambiance, and expanding their promotion which will affect the customer purchase decision at Cow & Co.

1.5.1 Theoretical Benefits

The theoretical benefit of this study is to gain knowledge of how customer purchase decisions are influenced by food quality, service quality, store ambiance, and promotion. Hopefully, future research on the influence of food quality, service quality, store ambiance, and promotion towards customer purchase decisions may use this study as a guide and as an example of references.

1.5.2 Practical Benefits

This study is expected to provide knowledge and references on how Cow & Co.'s excellent quality restaurant environment, which includes factors like food quality, service quality, store ambiance, and promotion influence the customer purchase decision.

This research is also expected to be a reference for further improvement in customer purchase decisions at Cow & Co. by understanding more about the product quality, service quality, store ambiance, and promotion.