CHAPTER I

INTRODUCTION

1.1 Background of Study

Nowadays, the food and beverage business, including restaurants, can be found practically anywhere and at any time. A restaurant, in general, is a place where people go to get a variety of food and drink. Restaurants typically show their own originality as part of their attractiveness, whether through the cooking menu, entertainment, or the physical design of the building. Many people prefer to eat outside with their friends and family. Restaurants may be a terrific spot to enjoy a meal while taking in the atmosphere.

A restaurant is a commercially structured space or facility that gives good service to all guests, whether they are eating or drinking. Restaurants typically provide a variety of menu options. A restaurant's basic goal is to provide a dining experience in which individuals, families, or groups may enjoy a meal without having to prepare it themselves. A restaurant is a place that provides services in food, which means that a place is classified as a restaurant if it has a process of supplying food menus, as well as services that are part of it for visitors or customers who come there. A restaurant is a place that provides food and service drinks (Tangian, 2019).

According to Hendrayati (2020), The existence of purchasing decisions that are not in accordance with the expected of product quality will encourage a feeling of dissatisfaction present, and this will also affect the satisfaction felt by other

people through recommendations. Product quality is crucial for the restaurant since having great food quality increases the business's reputation, which gets other customers intrigued and prompts them to visit. Product quality refers to the characteristics of a product or the results that lead the product or results to be consistent with the purposes for which it was created. Product quality, undoubtedly, plays a pivotal role in shaping consumer preferences. The taste, freshness, and presentation of food significantly influence customers' satisfaction and overall perception of the restaurant. Product quality at the restaurant is perceived by consumers and understand its direct impact on their purchasing decisions. Consistency is crucial for maintaining product quality. Customers expect the restaurant to deliver consistent taste, flavour, and overall experience across multiple visits. Consistency ensures that customers can rely on the restaurant to consistently meet their expectations and enjoy the same level of quality with each visit. This requires meticulous attention to detail and standardized processes in food preparation.

Instagram social media promotion is a method of promotion that makes use of Instagram as the platform. Whereas establishing an Instagram content would attract the interest of the general public to engage with the content supplied through Instagram social media promotion. Instagram social media increases the likelihood of content getting shared. Currently, social media is incredibly crucial for businesses in this age of modernity and the internet's ability to promote. This is also why many businesses strive to expand their social media presence in order to reach a larger target demographic and enhance the customer purchasing decision.

According to Nunik et al (2019), social media marketing is an interactive marketing communication activity between businesses and customers in order to produce sales of the company's goods and services.

Product differentiation is a crucial strategy employed by restaurants to distinguish themselves in a saturated market. The study recognizes the importance of unique offerings that set a restaurant apart from its competitors. It aims to investigate the extent to which product differentiation at the restaurant influences customer purchasing decisions. By identifying the key elements that make the restaurant stand out, such as specialty drinks, creative menu items, or distinctive decor, the research will provide valuable insights into how these differentiators impact customer choices and preferences. According to (Yuvira et al., 2021), differentiation is the process of creating a variety of significant variations to set a company's product apart from competitors' offerings. Product differentiation can be achieved through exceptional customer service. Providing personalized and attentive service, going the extra mile to make customers feel welcomed and valued, and creating a warm and friendly environment can differentiate a restaurant from its competitors. Building strong relationships with customers through exceptional service can foster customer loyalty and positive word-of-mouth recommendations. product differentiation in a restaurant refers to the unique and distinct features, offerings, and attributes that set it apart from competitors. It can include menu innovation, ambiance and decor, exceptional customer service, technology integration, and collaborations. By differentiating their products effectively,

restaurants can attract and retain customers, build brand loyalty, and stand out in a crowded market.

Miramar Restaurant was founded in 1972, this restaurant has been open for a long time, therefore it is one of the legendary restaurant in Pematang Siantar. It is located at Jl. Sutomo No.48, Siantar Barat at Pematang Siantar City. Miramar Restaurant has a strategic place which is located in the center of city. Miramar Restaurant provides many kinds of Indonesian food.

Table 1.1 Number of Transaction at Miramar Restaurant from 2021-2022

Month	2021	2022
January	1952	2132
February	1908	2076
March	1901	2022
April	2008	2009
May	2012	1988
June	2003	2009
July	1990	2087
August	2021	2198
September	2009	2165
October	2065	2112
November	2012	2176
December	2156	2212

Source: Miramar Restaurant (2023)

If the average order value rises, income may grow despite a decline in the number of transactions. In contrast, a fall in average order value may necessitate a larger volume of transactions in order to retain or increase revenue. A restaurant may have corporate customers who make many, infrequent purchases and individual customers who make smaller, more frequent purchases. Analyzing revenue from various client categories aids in understanding how transaction sizes and volumes effect revenue. Justifying revenue changes based on transaction volume necessitates a complex analysis that takes into account transaction sizes, client segmentation, business models, and related expenses. While a higher volume of transactions might contribute to revenue growth, knowing the context and

circumstances of each transaction is critical in justifying revenue increases or decreases.
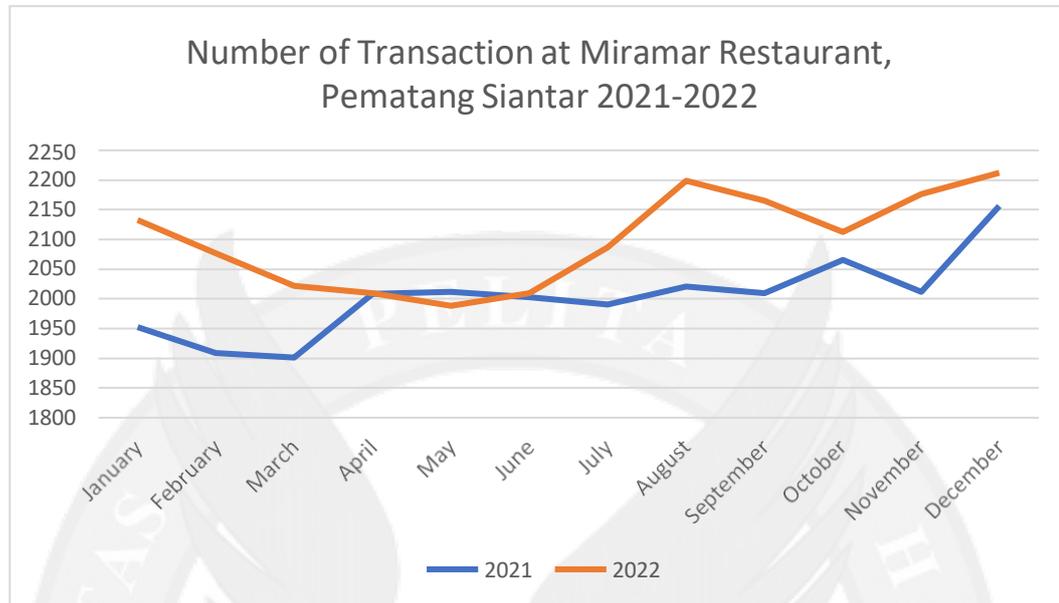

Figure 1.1 Number of Transaction at Miramar Restaurant from 2021-2022
Source: Prepared by the writer (Miramar Restaurant, 2023)

From the table above, can be seen that the graphic was decreasing in the middle of 2022. But, Miramar restaurant is starting to slowly increase the number of transaction. However, the graph mentioned above demonstrates the unpredictable and inconsistent their structure of customer purchasing, which makes it more difficult for management to make important decisions or plan.

Table 1.2 Negative Customer Reviews

No	Feedback Rate	Review
	Product Quality	
1	1/5	The food is undercooked and the wait is long
2	1/5	The restaurant tastes bland, doesn't taste good
3	1/5	Every time I buy the grilled chicken, it's always red (blood, not fully cooked), not cooked, that can't be tolerated at all.
	Instagram social media	
1	2/5	There are no pictures of the food menu on social media while on Instagram it's just tumpeng rice.
	Product Differentiation	
1	2/5	The menu is less varied than other Padang restaurants
2	1/5	Water is not provided in the form of a kettle. After the drink, no waiter asked. I don't recommend it for eating with the family. If you eat alone, you can, but it's better to pack it

Source: Google Review

Can be seen from this Google reviews above, Miramar Restaurant also faces some customer complaint about the product quality, the Instagram social media, and the variety of product not meet the customer expectation. It can affect the customer purchasing decision. Based from the writer experienced, the writer also experienced the same thing. The food is sometimes undercooked. This can cause a decrease in sales and changes the customer purchasing decision. This negative review also can causes lost profitable for Miramar Restaurant.

Miramar Restaurant also receives complaints from customers who feel the product quality, the Instagram social media, and the variety of product not meet the customer expectation. It might influence a customer's purchasing decision. Based on what the writer experienced, the writer likewise had the same experience. Sometimes the food is undercooked. This may result in a decline in sales and

changes the consumer purchasing decision. This negative review may result in lost
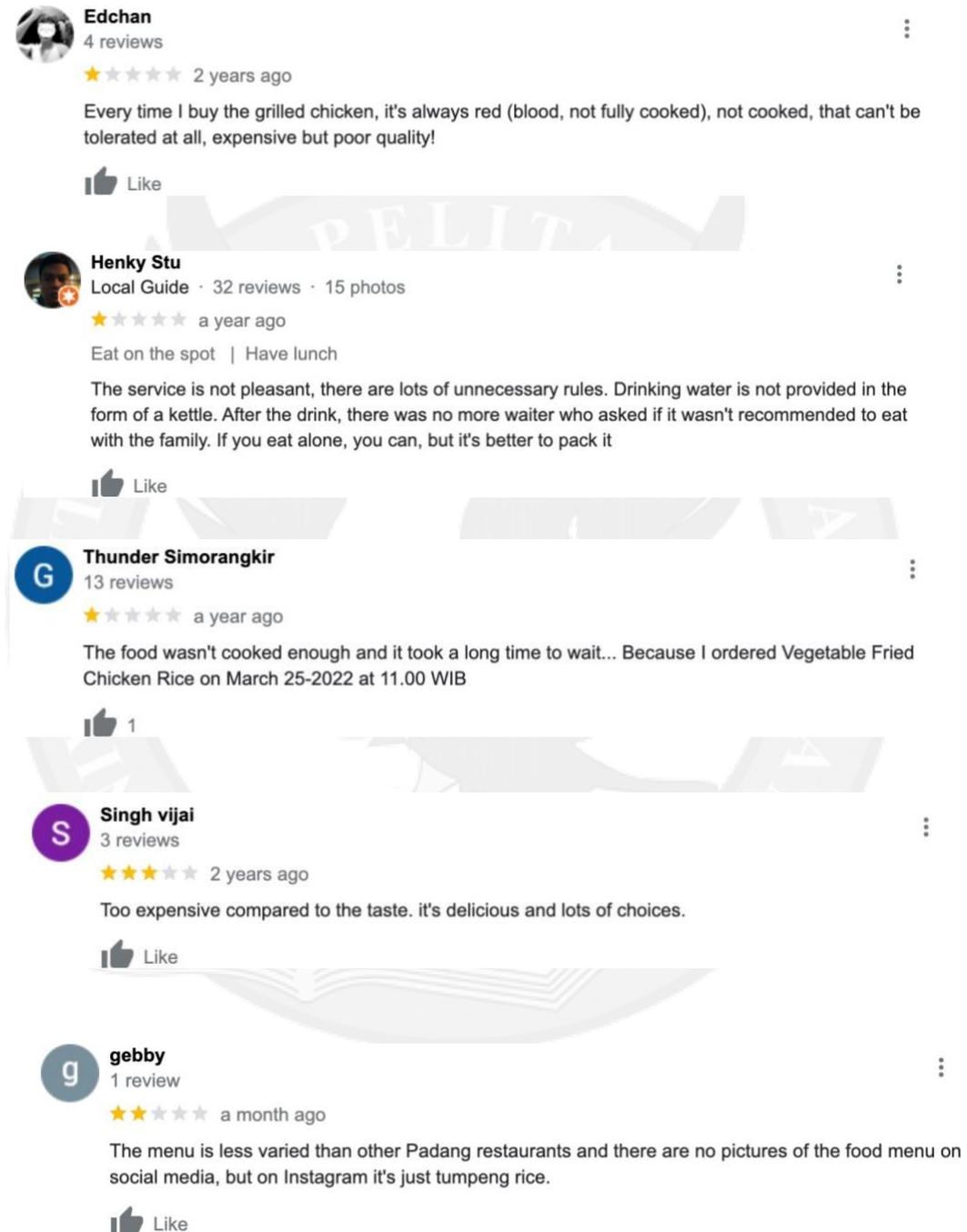
revenue for Miramar Restaurant.

Edchan
4 reviews

★☆☆☆☆ 2 years ago

Every time I buy the grilled chicken, it's always red (blood, not fully cooked), not cooked, that can't be tolerated at all, expensive but poor quality!

👍 Like

Henky Stu
Local Guide · 32 reviews · 15 photos

★☆☆☆☆ a year ago

Eat on the spot | Have lunch

The service is not pleasant, there are lots of unnecessary rules. Drinking water is not provided in the form of a kettle. After the drink, there was no more waiter who asked if it wasn't recommended to eat with the family. If you eat alone, you can, but it's better to pack it

👍 Like

Thunder Simorangkir
13 reviews

★☆☆☆☆ a year ago

The food wasn't cooked enough and it took a long time to wait... Because I ordered Vegetable Fried Chicken Rice on March 25-2022 at 11.00 WIB

👍 1

Singh vijai
3 reviews

★★★☆☆ 2 years ago

Too expensive compared to the taste. it's delicious and lots of choices.

👍 Like

gebby
1 review

★★☆☆☆ a month ago

The menu is less varied than other Padang restaurants and there are no pictures of the food menu on social media, but on Instagram it's just tumpeng rice.

👍 Like

Figure 1.2 Customer Review of Miramar Restaurant
Source: Google Review

This is a few of Miramar Restaurant's customers' reviews. As can be observed, some customers say that the product quality is poor since, according to the testimony, the meal is undercooked and the service is bad. Additionally, many customers have commented on their dissatisfaction with the Instagram social media and few menu options.

In addition, based from the information the writer wants to analyse whether product quality affects customer purchasing decision. Moreover, Instagram social media and product differentiation also can affect customer purchase decision. Therefore, the writer wants to do an analysis with the title "The Influence of Product Quality, Instagram Social Media, and Product Differentiation on Customer Purchasing Decision at Miramar Restaurant, Pematang Siantar"

1.2 Problem Limitation

This research was conducted to find out specifically whether product quality, Instagram social media, and product differentiation can influence customer purchasing decision at Miramar Restaurant, Pematang Siantar. The product quality referred to in this research is food in the restaurant that does not include beverages. The specific location of Miramar Restaurant is at Jl. Sutomo No.48, Siantar Barat at Pematang Siantar. Product quality, Instagram social media, and product differentiation are the independent variables in this study. The dependent variable is the customer's purchasing choice. According to Auliya and Aprilia (2017), Amalia (2020), and Sofiah and Ekowati, (2021) the indicators of product quality are colors, appearance, shape, temperature, fragrance, and taste. Furthermore,

according to the indicators of Instagram social media are. However, product differentiation indicator according to Kotler (2016) there are features, performance quality, reliability, and conformance quality. Lastly, according to Kotler and Keller (2016), There are several indicators to determine customer purchasing decision such as: feedback and reviews, repeat purchases, comparison and evaluation.

1.3 Problem Formulation

According to the information that has been identified in the background of study, then writer can formulate some questions in this research, such as:

a. Does product quality have an influence on customer purchasing decision at Miramar Restaurant, Pematang Siantar ?

b. Does Instagram social media have an influence on customer purchasing decision at Miramar Restaurant, Pematang Siantar ?

c. Does product differentiation have an influence on customer purchasing decision at Miramar Restaurant, Pematang Siantar ?

d. Do product quality, Instagram social media, and product differentiation have partially influence on customer purchasing decision at Miramar Restaurant, Pematang Siantar ?

1.4 Objective of the Research

The research objectives are as follows:

a. To analyse whether product quality has influence customer purchasing decision at Miramar Restaurant, Pematang Siantar.

b. To analyse whether Instagram social media has influence customer purchasing decision at Miramar Restaurant, Pematang Siantar.

c. To analyse whether product differentiation has influence customer purchasing decision at Miramar Restaurant, Pematang Siantar.

d. To analyse whether product quality, Instagram social media, and product differentiation have partially influence on customer purchasing decision at Miramar Restaurant, Pematang Siantar.

1.5 Benefit of the Research

From this research of the product quality, Instagram social media, and product differentiation that effect customer purchasing decision at Miramar Restaurant at Pematang Siantar, there are two types of advantages that the writer can get as the following below:

1.5.1 Theoretical benefit

The theoretical benefit of this research is the result research demonstrates whether or not product quality, Instagram social media, and product differentiation influence customer purchasing decisions at Miramar Restaurant. This research also contributes to a better understanding of beliefs regarding product quality, Instagram social media, product differentiation, and the relationship between customer purchasing decisions.

1.5.2 Practical Benefit

Practically, the research is expected to generates benefits as follows:

1. For the writer

   This research help the writer to get a broader knowledge about what influences the customer purchasing decision.

2. For companies

   This research paper is expected to provide information to guide the restaurant in order to determine how product quality, Instagram social media, and product differentiation influence the customer purchasing decision at Miramar Restaurant at Pematang Siantar.

3. For other Researchers

   This study can be utilized as a starting point and reference for their own work on product quality, Instagram social media, and product differentiation.