

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In today's world, the food and beverage industry has evolved alongside technology. People who want to start their own food-related businesses now use social media to promote themselves and attract customers. According to Kotler and Armstrong (2021), social media is a self-sustaining commercial platform for social networking, where individuals gather to interact and exchange messages, viewpoints, images, videos, and various forms of content. This means that technology has changed how food businesses work.

Nowadays, business owners use a variety of social media channels, including well-known ones like Instagram, Facebook, and Twitter as well as up and coming ones like TikTok, to exhibit the food offerings and interact with potential customers. The presentation of aesthetically pleasing photographs and films exhibiting the mouthwatering dishes, the creation of fascinating storylines that capture the soul of the business, and active online connection with the customer base are all part of this strategic engagement. Collaborations with social media influencers, or those with massive online followings, are frequently used to increase the visibility and reach of the food.

In 2023, Indonesia has emerged as one of the top 10 countries globally with the highest social media activity, as reported by Business Insider. The number of internet users in the country has surged to 204.7 million, representing an increase

of 2.1 million users, equivalent to a 1.0 percent growth compared to the previous year. The table below shows the most social media platform that is most used in Indonesia in 2023.

TOP SOCIAL NETWORK PLATFORMS IN INDONESIA	PERCENTAGE	ACTIVE USERS (IN MILLION)
Instagram	84.80%	173.59
Facebook	81.30%	166.42
TikTok	63.10%	129.17
Twitter	58.30%	119.34
Pinterest	36.70%	75.12
Kuaishou	35.70%	73.08
LinkedIn	29.40%	60.18
Discord	17.60%	36.03
Likee	14.20%	29.07

Figure 1.1 Most used Social Media Platform in Indonesia 2023

Source: The Global Statistic.com

Regarding the preferred social media platforms in Indonesia for the year 2023, Instagram takes the lead, being the most widely used platform with 84.80 percent of internet users, which translates to 173.59 million users. Many of Indonesia's prominent brands utilize Instagram as a key channel for engaging with their consumer base. Following closely behind, Facebook, owned by Meta, secures the second position, with 81.30 percent of Indonesian internet users actively using the platform. Notably, Facebook has a significant following among young individuals, particularly teenagers, accounting for 166.42 million users in Indonesia.

Taking the third and fourth spots are TikTok, with a 63.10 percent penetration rate, and Twitter, with a 58.30 percent penetration rate. Pinterest, an

image-sharing platform with a user base of 75.12 million, occupies the fifth position with a penetration rate of 36.70 percent. Other notable social media platforms gaining traction in Indonesia include Kuaishou, with a penetration rate of 35.70 percent, followed by LinkedIn, an employment-oriented platform, with a 29.40 percent penetration rate. Discord, with a penetration rate of 17.60 percent and 36.03 million active users, and Likee, with a penetration rate of 14.20 percent, also have a notable presence. It is worth mentioning that YouTube was not included as an option in the survey.

Moreover, technology helps businesses gain useful insights into customer preferences and online behavior. Businesses can use data analytics to make well-informed decisions about the marketing tactics, customizing the initiatives to fit with changing customer preferences and internet trends. This data driven strategy is essential for improving marketing accuracy and, as a result, drawing in more customers.

In the world of using social media to promote businesses, it is important to know how regular people talking about a business to friends and family can work together with online marketing. Social media is a great way to reach more people and make a business grow, but it is even more effective when people say good things about the business to others. WOM (Word of Mouth) communication, according to Lopes et al (2018), in which customers have a desire to persuade others through unpaid endorsements of their good experiences, is the foundation of a successful business. Traditional word-of-mouth is when happy customers share their good experiences with a business to the others. People might talk about it in

person, on the phone, or even write letters or messages recommending the business. These personal recommendations are important because it based on real experiences and trust.

Now, with social media, things have changed. When someone has a good experience with a business, people can quickly tell lots of people online. Along with posting about it on social media pages, leave reviews on websites, or make videos or blog posts talking about the experience. This digital form of word of mouth is called e-WOM (Electronic Word of Mouth), and it is just as powerful because it is based on trust and real experiences. According to Goyette, Isabelle et. al, in (2010) as cited in Rosita V (2021), electronic word of mouth (e-WOM) is an unofficial, non-commercial online communication about a review of a product or service that takes place in person, over the phone, via e-mail, or through other communication techniques. E-WOM is strong because it can reach a wide audience and influence potential customers. When people see their friends or family saying good things about a business on social media, it often means more to them than regular ads. That is because it comes from someone that people know and trust, and it is based on real-life experiences. Positive e-WOM, like good online reviews, helps build trust and confidence in a business.

To make the most of this trend, businesses need to consistently provide excellent products or services, engage with customers on social media, and encourage happy customers to leave positive reviews and talk about their experiences online. When this is done effectively, it can significantly boost a business's reputation, visibility, and growth.

In the food and beverage industry, it is important to do more than just advertise the business for growth. The restaurant also needs to offer a variety of menu options, including one special dish that sets the restaurant apart. Having a diverse menu helps cater to different customer preferences, and having a standout specialty dish makes the restaurant unique. Offering a variety of dishes is crucial because it ensures that there is something for everyone to enjoy. People have different tastes and dietary needs, that is why having options is important. According to Sulistyorini & Rahardjo (2018) believes that product variation has a positive impact on consumer purchasing decisions, in contrast to Ardiansyah & Aprianti (2020), which claims that product variation has little to no impact on consumer purchasing decisions.

At the same time, it is a good idea to have special dish that a restaurant is known for. This dish should be really well-prepared and delicious. When customers love it, will come back for it, and it can even bring in new customers who want to try the unique specialty. Having a specialty dish can also improve the restaurant's reputation and make it more memorable. When people associate the restaurant with a fantastic and unique dish, people are more likely to recommend it to others, which can help the business grow in the long run.

The decision to buy something, or the "purchase decision," is influenced by plenty of factors. According to Arfah (2022) purchase decision is that making a decision to acquire something is only the first step in the process before people consider how someone will feel about it later. Social media platforms like Instagram, for instance, could attract people's interest in a restaurant. People view

pictures and information about it. Upon deciding whether or not to visit, people may then browse reviews given by previous customers. Another important factor is what other people say online about the restaurant, like in reviews and comments. Positive reviews from many different people may encourage others to drop by that restaurant. Last but not least, the restaurant's menu is important. Customers enjoy having a wide variety of meal options. A varied menu gives customer more options and enhances the dining experience.

What exactly is being discussed is Warung Kinta known as the restaurant that serves Indonesian cuisine, which is situated at Kompleks Cemara Asri, Jl. Cemara Boulevard Utara No.94, Medan Estate, Percut Sei Tuan, Deli Serdang Regency, North Sumatra 20371. Warung Kinta offers a tasty adventure for people taste buds. Customers can try various kind of delicious food like; Indonesian dishes, flavorful Chinese meals, and even mouthwatering Western flavors. It is a place where people can enjoy different types of food. If those who love desserts, can also have a variety of sweet treats to end of the meal on a happy note.

In this research, the objective is to examine how Instagram social media promotion, electronic word of mouth, and menu variety influence customers' purchase decisions at Warung Kinta. This investigation is presented in the thesis titled **“The Influence of Instagram Social Media Promotion, Electronic Word of Mouth, and Menu Varieties Towards Purchase Decision at Warung Kinta Cemara Asri”**.

1.2 Problem of Limitation

In order to clarify the main focus of this study are primarily examining Warung Kinta, a restaurant located within the lively Cemara Asri Complex in Medan. In the context of study, there are three main things that is being examine: how Warung Kinta uses Instagram for promotion, how people talk about it online, and the variety of dishes that are being offered. This research is to see how these factors influence the customers purchase decision at Warung Kinta.

1.3 Problem Formulation

According to the background of study, the problem formulation for the study is as follows;

1. Does the Instagram social media promotion have partial influence on the purchase decision at Warung Kinta Cemara Asri?
2. Does the electronic word of mouth have partial influence on the purchase decision at Warung Kinta Cemara Asri?
3. Do menu varieties have partial influence on the purchase decision at Warung Kinta Cemara Asri?
4. Do Instagram social media promotion, electronic word of mouth and menu varieties have partial influence on the purchase decision at Warung Kinta Cemara Asri?

1.4 Object of the Research

The primary goals of this study are to:

1. Examine whether Instagram social media promotion influence the purchase decision at Warung Kinta Cemara Asri.
2. Examine whether electronic word of mouth influence the purchase decision at Warung Kinta Cemara Asri.
3. Examine whether menu varieties influence the purchase decision at Warung Kinta Cemara Asri.
4. Examine whether Instagram social media promotion, electronic word of mouth and menu varieties influence the purchase decision at Warung Kinta Cemara Asri.

1.5 Benefit of the Research

The benefit of this research includes both theoretical and practical benefits, as implied by the writer's identified aims:

1.5.1 Theoretical Benefit

From a theoretical perspective, this study offers the writer an opportunity to gain a more profound understanding of how Instagram social media functions within the context of an Indonesian restaurant establishment, using Warung Kinta as an illustrative example. Furthermore, it aims to determine whether electronic word of mouth has the power to influence customers' purchases at Warung Kinta. Additionally, it also explores how

menu diversity influences customers' purchase decisions and may help them or may confuse them.

1.5.2 Practical Benefit

The following benefits of this study are anticipated:

1. For Warung Kinta Cemara

It hopes that Warung Kinta will benefit from the study's findings, which will help them improve and expand their business operations.

2. For Universitas Pelita Harapan

The intention is for the results of the study to be useful reference resources for literature studies, enhancing research projects in general and the Hospitality Management Study Program in particular.

3. For the writer

This study is likely to add to the understanding of how menu diversity, electronic word-of-mouth, and Instagram social media promotion influence customers' purchasing decisions.

4. For the upcoming writer

This study is intended to be a starting point and a source of comparison data for investigating problems with Instagram social media promotion, electronic word-of-mouth, and menu variety influencing customer purchase decisions.