CHAPTER I

INTRODUCTION

1.1   Background of the Study

In this era of globalization, businesses are growing and developing rapidly. In 2022, a significant growth of 4.9% in Indonesia's food and beverage industry was recorded, which if compared to 2021 there was only a 2.54% growth. It is also projected by the Indonesian Ministry of Industry that in 2023, the food and beverage sector is expected to grow by 5% to 7% (Antaranews.com, 2023). This increase in percentage shows that every year many new tenants are entering the food and beverage market which has provided consumers with many substitutes when choosing a product. Many substitutes of products could affect customer purchase decisions as there are many series for choices and selections. Therefore, the competitiveness in the food and beverage industry has been intense. To compete and survive in the market, business owners should seek improvement and choose the right competitive advantage.

In this midst of competition, maintaining good food quality is very important for restaurants. Food quality in a restaurant can be seen in the appearance and the taste of the food that is being served to the customers, as well as in the ingredients used for making the food. Aminudin (2015) as cited in Hidayat et. al. (2020) defines product or food quality as an attempt of fulfilling consumers' need and demand, also as a right choice of meeting consumer's expectation. According

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to Sartien et al. (2022), consumers' perception of product quality aligns with their overall perception of a product. When consumers hold a favorable view of a product, they are more likely to utilize it to fulfill their requirements. Consequently, high-quality food contributes to a positive brand image for restaurants and influences consumer purchasing choices.

Nowadays, the use of technology has caused changes in customer behavior of buying food. Consumers tend to do online research regarding the brand, food quality, service, or hygiene of a restaurant before deciding to purchase from it. This action is done by reviewing online customer reviews of past customers who had purchased food from the restaurant. According to Daulay (2020) as cited in Depari & Ginting (2022), online customer review represents a manifestation of electronic word-of-mouth (eWOM). Customers tend to write a review based on their opinion and experience in the restaurant, this review will then be posted to the internet and accessible by anyone. As a result, online customer review of a restaurant is very important as it may affect the brand image of the restaurant.

Brand image is the view or associations of a brand that appears in mind when a consumer is thinking about it. Brand image can be either positive or negative in a customer's mind. A positive brand image will leave a good impression and increase the possibility of customers purchasing from the brand. In addition, it also allows consumers to recognize the needs and wants that the brand offers and satisfies, as well as to choose and differentiate the brand from another brand competitors. As stated by Purnamawati et al. (2022), the evaluation of a brand image can influence the purchase decision of a product.

Purchase decision is a very important and crucial element for a business. Consumers tend to purchase their preferred brands based on the intention, behavior, and situation. Referring to Hermiyenti and Wardi (2018), purchase decision is a process by which consumers evaluate a product and brand in their minds and decide whether they want to purchase or not. The decision process that is made by consumers can be influenced by the information shared and provided by businesses regarding their products or services. Numerous factors could potentially impact the choices people make when buying a product or service and one of them is seeking information. Purchase decisions and intentions can change if there are unexpected situations or conditions faced by consumers that force them to change into another alternative brand or choice. Therefore, purchase decision is a process in which consumers decide to make a purchase based on all the information and knowledge gathered on the brand that give consumers the evaluation and consideration of purchasing between two or more alternatives brands.

The object of research in this study is Rumah Makan Waroeng Cemara which is a business engaged in the food and beverage industry and is located at Jl. Cemara, No. 46 A, Pulo Brayan Darat II, Medan Timur, Medan, Indonesia. Rumah Makan Waroeng Cemara is a restaurant that has been established since 2012 and serves a variety of Indonesian food and Chinese food including rice, noodles, vegetables, stir fry, seafood, soup, and meat, as well as beverages such as tea, juice, and coffee.

In this study, the writer has gathered number of customers data from Rumah

Makan Waroeng Cemara as follows:

Table 1. 1 Number of Customers at Rumah Makan Waroeng Cemara in 2021-2023

Month	Number of Customers (2021)	Number of Customers (2022)	Number of Customers (2023)
January	1674	1854	2132
February	1743	1823	2019
March	1602	1945	1847
April	1893	2093	2045
May	1692	2154	2176
June	1546	2248	1938
July	1558	2034	1792
August	1623	2178	-
September	1678	1943	-
October	1743	2077	-
November	1694	2134	-
December	1764	2265	-

Source: Prepared by Writer (Rumah Makan Waroeng Cemara, 2023)
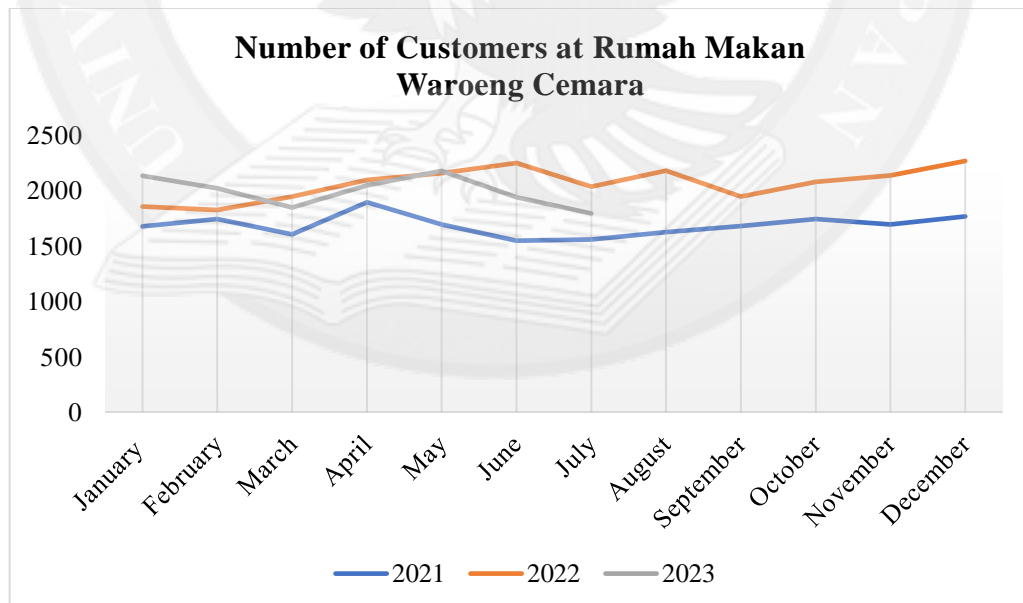

Figure 1. 1 Number of Customers at Rumah Makan Waroeng Cemara in 2021-2023
Source: Prepared by Writer (Rumah Makan Waroeng Cemara, 2023)

Table 1.1 and Figure 1.1 above is the number of customers who visited Rumah Makan Waroeng Cemara from January 2021 to July 2023. The data shows that the number of customers has increased from the year of 2021 to 2022. However, in 2023 the number of customers has decreased, and it also shows that the number of customers at Rumah Makan Waroeng Cemara from year to year are unstable. In 2023, the number of customers also fluctuated throughout the half year, there was a decrease in January to February by 5.3% and February to March by 8.5%, then followed by a significant increase in April and May. However, in May to June the number of customers decreased by 10.9% and then followed by 7.5% in June to July. This data shows that the number of customers coming to Rumah Makan Waroeng Cemara is unstable from month to month. Furthermore, the writer also gathers data from Online Customer Review of Rumah Makan Waroeng Cemara as seen in the following figure and table.

Figure 1. 2 GrabFood Rating of Rumah Makan Waroeng Cemara
Source: Grab (2023)

Table 1. 2 Number of Review on GrabFood in 2023

Rating	Number of Review
1	7
2	2
3	16
4	6
5	14

Source: Prepared by Writer (Grab, 2023)

Figure 1.2 above is the rating of Rumah Makan Waroeng Cemara at GrabFood which is at level 4.7 with a total of 5703 reviews. Table 1.2 is the number of reviews on GrabFood in 2023 that are classified by the level of rating. However, most of the online customer reviews at GrabFood in 2023 are complaints regarding food quality issues, missing orders or items, incorrect orders, poor packaging and hygiene which lead to unsatisfied customers of Rumah Makan Waroeng Cemara. Below is the online customer review on GrabFood.

Table 1. 3 Online customer review on GrabFood at Rumah Makan Waroeng Cemara in 2023

No	Name	Rating	Comments
1	Lidiana a.	1 out of 5	*Kurang asin. Rasanya kurang. Bauk sekali. Bau aroma kayu. Huantannya juga kurang enak*
2	Chandra H.	3 out of 5	*Minyaknya kebanyakan sekali*
3	William	3 out of 5	*Uda tulis gak pake sayur masih aja dipke sayurnya*
4	Vera B.	4 out of 5	*Lama2 jd sdikit, dagingnya jg gk ada*
5	Griesella	3 out of 5	*Gak dikasi daun ubi, sop, darak tak ada.. yg ditak diinginkan malah di kasi..kecewa*
6	Rida Z.	4 out of 5	*Siang pak/buk kenapa ngk ada kotak ya ikannya*
7	Sumiati	3 out of 5	*Rasanya sih enak tp kebersihannya kurang, ada lalat lg di ayam telur asinnya.. kmaren di taoconya.. agar lbh ditingkatkan lg kebersihannya.*
8	Vedri	3 out of 5	*Tidak sesuai dengan pesanan. Yang saya pesan nasi goreng 4 porsi, yang datang 3 nasi goreng 1 ifu mie*
9	Esther S.	1 out of 5	*Hancur Sehancur2nya Rasanya. Jauhhh bedaa sm waroeng cemara 2 tahun silam. Mahal loh padahal harga capcay spesialnya. isinya pun*

			banyakan bakso ikan, sisanya udang sm daging g terhitung jumlahnya. Ga pernah? aku makan capcay sampe ku masak ulang, kecap ikan dan saos tiramku ku keluarin utk perbaiki rasa, tp uh hancur dari basic dimasak, jd ga bisa tertolong byk awak perbaiki. Tapi setidanya jd bisa termakan stelah ku masak ulang. PERBAIKI LAH TOLONG OY WAROENG CEMARA
10	Dennis S.	5 out of 5	Udang nasgor kurang fresh

Source: Prepare by Writer (Grab, 2023)

Figure 1. 3 Online Customer Review
Source: Grab (2023)

These online customer reviews may affect the brand image of Rumah Makan Waroeng Cemara and as a result, many customers will hesitate before making a purchase decision at Rumah Makan Waroeng Cemara. Therefore, it is recommended that from these negative online customer reviews, Rumah Makan Waroeng Cemara can evaluate and improve to create a good brand image, online customer review and food quality. By solving these issues, customers will recognize the improvement and development of Rumah Makan Waroeng Cemara which will lead customers to trust and purchase from Rumah Makan Waroeng Cemara.

Furthermore, the writer also conducted short interviews with 30 individuals to figure out if they have any knowledge or information regarding Rumah Makan Waroeng Cemara. It was discovered that 21 out of 30 individuals have never heard

of or are unfamiliar with Rumah Makan Waroeng Cemara. These interview results demonstrate how weak Rumah Makan Waroeng Cemara's brand image and popularity are in society.

Based on the issues, the writer wishes to analyze more deeply whether food quality, online customer review and brand image will influence customer purchase decision at Rumah Makan Waroeng Cemara. Therefore, this research will be discussed in this thesis entitled **"The Influence of Food Quality, Online Customer Review, and Brand Image toward Customer Purchase Decision at Rumah Makan Waroeng Cemara".**

1.2 Problem Limitation

Problem limitation allows this research to focus on the main problem and discussion, allowing its objectives to be met. This research's limitations are Food Quality (X1), Online Customer Review (X2), and Brand Image (X3) as Independent Variables and Customer Purchase Decision as Dependent Variable (Y). This research was conducted at Rumah Makan Waroeng Cemara which is located at Jl. Cemara No. 46A, Pulo Brayan Darat II, Medan Timur, Medan, Indonesia.

1.3 Problem Formulation

Based on the description of the background of the study, the problem formulation of this research is as follows:

a. Does Food Quality have partial influence on Customer Purchase Decision at Rumah Makan Waroeng Cemara?

b. Does Online Customer Review have partial influence on Customer Purchase Decisions at Rumah Makan Waroeng Cemara?

c. Does Brand Image have partial influence on Customer Purchase Decisions at Rumah Makan Waroeng Cemara?

d. Do Food Quality, Online Customer Review and Brand Image have simultaneous influences towards Customer Purchase Decision at Rumah Makan Waroeng Cemara?

1.4 Objectives of the Research

Based on the problem formulation stated above, the objectives of this research are as follows:

a. To analyze whether Food Quality has partial influence towards Customer Purchase Decision at Rumah Makan Waroeng Cemara.

b. To analyze whether Online Customer Review has partial influence towards Customer purchase Decision at Rumah Makan Waroeng Cemara.

c. To discover whether Brand Image has partial influence towards Customer Purchase Decisions at Rumah Makan Waroeng Cemara.

d. To investigate whether Food Quality, Online Customer Review and Brand Image have simultaneous influence towards Customer Purchase Decision at Rumah Makan Waroeng Cemara.

1.5   Benefit of the Research

The writer expects that this research can provide theoretical and practical benefits to various parties.

1.5.1 Theoretical Benefits

Theoretically, the writer hopes that this research gives information and references in understanding the influence of Food Quality, Online Customer Review and Brand Image towards Customer Purchase Decision at Rumah Makan Waroeng Cemara. Furthermore, as a resource for other academics interested in further research.

1.5.2 Practical Benefits

The practical benefits from this research are as follows:

1. For the writer, the results of this research are expected to give insights and experience in doing research and additional knowledge on food quality, online customer review, brand image and customer purchase decision.

2. For Rumah Makan Waroeng Cemara, the results of this research are expected to be useful for evaluating Food Quality and understanding the influence of Online Customer Review and Brand Image in increasing customer purchase decision.

3. For other researchers, this research is expected to give sources of information, insights, and references for any future research with the same problem.