

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Indonesia's economic growth in 2016 reached 5.78 percent compared to 2015, in which all economic sectors experienced growth (Central Bureau of Statistics, 2016). It was an effect also on the culinary business in Indonesia, growth in the production and sale of culinary significantly in the area of tourism throughout 2015 - Association of Entrepreneurs Cafes and Restaurants Indonesia (Apkrindo) revealed the development of infrastructure in some areas has contributed to the increasing the number of restaurants in East Java. Chairman of the East Java branch Apkrindo, Tjahjono Haryono, in Surabaya said the construction of infrastructure, enables smooth distribution of raw materials to expand the business scope culinary entrepreneurs in the province and in 2016 the number of restaurants of different classes are predicted grew by 15% in line with the acceleration of infrastructure development in East Java, especially in the city of Surabaya.

(http://www.josstoday.com/read/11428-Sektor-Riil-Pertumbuhan_Restoran_di_Surabaya_Terpacu_Keberadaan_Infrastruktur)

Currently in Surabaya, there are around 500-600 restaurants upper middle class. While overall good cafes, restaurants, nor the depot in the middle and lower segments recorded 2,000 culinary business in Surabaya. The number indicates that the highly prospective culinary business in East Java. On the other hand, businesses in the food and beverage sector is also supporting the development of the property industry, hotels, malls and road infrastructure. Each year, the average number of restaurants, cafes, until the depot in East Java is growing at about 10%. Based on current developments, it is predicted that the growth could reach 20% because many new tourist attractions which support. As Surabaya Carnival rides and new roads Middle East Ring Road (MERR).

(<http://lifestyle.bisnis.com/read/20140914/223/257191/percepatan-infrastruktur-bakal-pacu-pertumbuhan-15>)

One of the culinary business's long-standing and proven is Boncafe.

This restaurant has long existed in Surabaya, since the area is still a center Tunjungan Surabaya modern economy. The name of this restaurant is situated on the road Boncafe Manyar Kertoarjo V number 1-5 Surabaya area, in addition to samsat road, turn right after McD Manyar located, is perfectly right. So the menu mainstay in Boncafe are a variety of steak, can choose a wide variety of steak menu ranging from chickens to cows. This sweltering Sunday afternoon as usual Boncafe been visited by family - a family who may be bored at home so skip a meal together here. There are a variety of menus offered here besides steak like no fried rice and burgers.

(<http://www.titofebrian.com/2016/01/boncafe-steak-enak-asli-surabaya-yang.html>)

According to Kotler (2006) In making a decision the consumer in buying goods and services consists of several factors of consumer characteristics, stimulation of companies which includes product, price, place and promotion. The response from consumers towards the stimuli will lead to a decision for a product, the decision will be a brand, a decision against the dealer and the timing and amount of purchases.

For example Buying a Gucci bag and a non branded bag will affect buying decision since some people want prestige, or the seller is very friendly and can convince the consumer to believe and buy the product, Price can also be a determining factor in certain people area of economic will be interested to buy product with affordable price, and last but not least the Quality of the product itself and the Promotion.

Kotler (2003) describes the marketing mix describes the set of tools that management can use to influence sales. It can be deduced explain the marketing mix management tool that can affect sales. The marketing mix includes product, price, place, promotion that needs to be done and understood by the company that can still grow in a very tight competition.

For example Innovation, Promotion like discount or value offers such as buy 1 get 2 and so forth are ways to gain an edge in the market

Kotler (2000) suggests that the product is anything that can be offered to the market to attract attention, owned, used or consumed to satisfy the desires or needs. Tjiptono (1998) suggested that quality of service is the expected level of excellence and control over the level of excellence to meet customer desires.

According to Hosseini (2011) indicator of product variables include Quality of room

equipments, Variety of food and beverage, Quality of food and beverage, and Appropriateness of services with your needs.

According to Boncafe owner, Andrew Prasetya, the concept of family is not only the form of the atmosphere and dishes, but also in service. Boncafe do not want their customer to come just because of the atmosphere or the dishes, but also service to every customer. Boncafe is a very well known restaurant for their secret recipe in creating a delicious meal.

Brief Example: On how Boncafe product is presented and served



Figure 1.

Boncafe Products

Note. Google (2016)

Kotler (2000) says that the price is the amount of money that must be paid by the customer for that product. Price is also a program variable of the marketing mix that influence consumers to make purchasing decisions. Price is an element of the marketing mix that is flexible, wherein any time the price will be stable within a certain time but within moments the price may also be increased or decreased and is also the only element that generates revenue from the sale.

For many years, Boncafe is well known for their steak which come with reasonable prices compare to the others steak place.

(<http://laurentiadewi.com/54045>)

Brief Example: On the selection of menu's and the price range.



Figure 2.

Boncafe Pricelist

Note. Google (2016)

Boncafe's best assets are in their steak menu's which comes in many varieties of selection to cater to our meat cravings with competitive price.

Place can be defined as various activities of the company to make its products accessible and available to target consumers (Kotler, 2000). Meanwhile, according to Craven (1998) distribution channel itself has meaning network of organizations that perform functions that connect producers with end users.

Decades stand does not necessarily make this family restaurant has a lot of outlets. Various considerations include the concept of family is the reason Boncafe only has eight outlets, 5 in Surabaya, and each one in Balikpapan, Samarinda and Makassar, since 37 years of existence.

(<https://www.boncafellas.com/history>)

Brief Example: Of the Boncafe location and branches

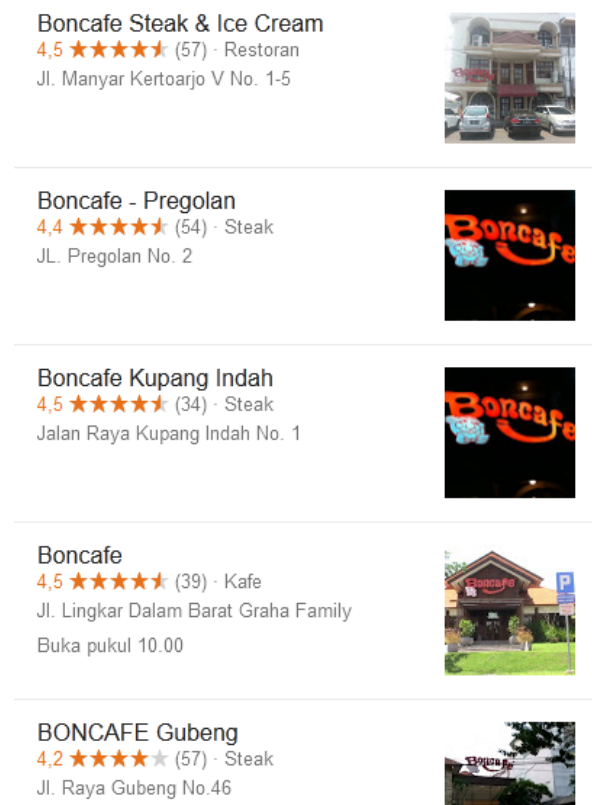


Figure 3.

Boncafe Location

Note. Google (2016)

1.2 Research Problems

1. Is there any significant effect of Product Quality on Customer Buying Decision at Boncafe Surabaya?
2. Is there any significant effect of Price on Customer Buying Decision at Boncafe Surabaya?
3. Is there any significant effect of Place on Customer Buying Decision at Boncafe Surabaya?

1.3 Research Objectives

1. To analyze the significant effect of Product Quality on Customer Buying Decision at Boncafe Surabaya
2. To analyze the significant effect of Price on Customer Buying Decision at Boncafe Surabaya
3. To analyze the significant effect of Place on Customer Buying Decision at Boncafe Surabaya

1.4 Research Contributions:

1.4.1 Empirical Contributions

For additional information for Boncafe to improve performance Restaurants with reference to existing data so that it can be a benchmark in the conduct of an improvement in accordance with the requirements desired by consumers. Determine the effect of product, price, and place on Boncafe customer purchasing decision on in Surabaya.

1.4.2 Academic Contributions

As an academic reference for those who want to make a thesis with material that has similarities with this thesis. As an academic materials (Final) to meet the graduation degree in economics.

1.5 Research Limitations

Issues that will be examined namely Product, Price, and Place. This research is only done on the customer Boncafe in Surabaya.

1.6 Research Outlines

To make it easier to follow the understanding of this study, then drafted writing composition as follows:

CHAPTER 1: INTRODUCTION

Contains the background of the problem, restrictions on the problem, problem formulation, research objectives, the benefits of research and systematic writing.

CHAPTER 2: LITERATURE AND DEVELOPMENT HYPOTHESIS

Contains theories of Product, Price, Place, decision-making, previous research, developing hypotheses, and research models.

CHAPTER 3: RESEARCH METHODOLOGY

Contains an explanation of this kind of research, population, sample, method of data collection, operational definitions, measurement variables and data analysis methods.

CHAPTER 4: RESULTS AND DISCUSSION

Contains and organize a logical presentation of the findings that address the research questions, and focus on how these key findings relate back to the theory and prior researchers presented at the beginning of the study

CHAPTER 5: SUMMARY, CONCLUSION, AND RECOMMENDATION

Contains outlines of the implications, conclusions, and recommendation supposed to advance the study of the research topics by its theoretical, methodological, or substantive contributions that may be necessary to overcome the limitations of existing empirical facts.