

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the ongoing time of globalization, society's life right now has grown quickly. It is affecting the patterns of the way people consumption. The current state of society is influenced by their aspirations and environment. Culture, sub-culture, group references and lifestyle trends can lead to society change as people fulfillment. This affects the advancement of the business world right now progressively creative and innovative. As one of the business ventures has increased quite rapidly and reflects modern lifestyle in the business of serving food and beverage such as restaurants, cafes, coffee shops, restaurants available in hotels and so on, cannot be separated from the historical development of eating outside and the growing number of people mobilizing to carry out their activities outside from home.

The role of marketing management is no longer just strategy making to get customers but to make those consumers loyal to the company. Through loyal customers, companies' customers, new customers, therefore a loyal customer will be a very asset valuable for the company. One of the most important factors in developing customer loyalty is customer (consumer) satisfaction.

Customer satisfaction is the main goal in the operations of a company, where satisfaction will bring profit to the company. Marketing strategic consumer – oriented means the company must understand behavior and meet as well as consumer needs to achieve customer satisfaction is one of the factors that influence their satisfaction, including service quality. Priority company good service quality will have an impact on customer purchase decisions. Therefore, companies must determine their prices with quality products that attract customers and maintain long-term affiliates (Konečnik Ruzzier et al., 2014).

The term “needs” refers to everything a person needs to live, prosper, and feel at home. Currently, human needs include many things, such as food requirements. As we are probably aware, many companies are developing in the snack food business. The market for items produced using chicken will be Shihlin. Shihlin is a bite that is taken from chosen quality chicken breasts and cleanly handled and seared with a mix of flavors. Even though we know that fried chicken is not that healthy food cause by the frying and oily food, chicken breast is the part of the chicken low in fat but high in protein. Chicken fillet contains energy, water, protein, saturated fat, calcium, magnesium, zinc, and sodium. Also can reduce the risk of diabetes and control blood pressure (Soliz et al., 2011).

Shihlin Taiwan Street Snacks was founded in Singapore in 2003 by Daniel Tay and Melvyn Wong. Shihlin Taiwan Street Snacks offers a variety of Taiwanese dishes with one of the most popular being the XXL Crispy Chicken menu. The name Shihlin comes from the Shilin night market in Taipei, Taiwan, which is famous for its delicious street food. The restaurant concept of Shihlin Taiwan Street Snacks is to bring the Shilin night market experience to Singapore and offer authentic and delicious Taiwanese street food to customers around the world.

As its popularity continues to grow, Shihlin Taiwan Street Snacks continues to expand its business network by opening new branches in various countries, one of which is in Indonesia. In 2008, Shihlin Taiwan Street Snacks entered the Indonesian market and opened its first outlet in Jakarta. Within ten years since it first entered the Indonesian market, Shihlin Taiwan Street Snacks has opened more than 140 outlets throughout Indonesia, including in big cities such as Surabaya, Bandung, and Yogyakarta.

Table 1.1 Brand Index of Shihlin

<i>TOP BRAND INDEX</i>				
Brand	Year			
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Shihlin	34.30%	34.60%	34.90%	31.70%

Hot Star	18.90%	23.90%	22.30%	23.30%
Pok Pok	17.60%	18.80%	20.00%	24.10%
Honey Pok	14.60%	13.00%	12.40%	13.20%

Source: <https://www.topbrand-award.com>

In view of Top Brand File information for the 2019 - 2022 period, Shihlin's items are in any case with various rate focuses that are very distant from the company's rivals Hot Star consistently. Where consistently the quantity of Shihlin is expanding while there is likewise have the depressed spot in that year. Concerning the market rivalry inside the company, Shihlin likewise keeps on track by having their great quality items with shifted variations to make them more appealing to be bought by consumers.

In addition to leaving an impression on customers, a brand image may let them know what to expect from your business. A company's brand serves as a means of setting itself apart from rivals and demonstrating why what it has to offer is superior to that of other businesses. A brand may be developed in a variety of ways, such as through advertising, customer service, CSR (corporate social responsibility) initiatives, reputation management, and physical appearance. Together, these components provide a distinctive differentiator that should draw in customers. The corporation places a high value on product quality in addition to brand image.

Products are crucial to the firm since, without them, it could not operate at all. Customers will purchase a product only if they feel it is the proper one. Therefore, for product marketing to be successful, the product must be modified to meet the demands or aspirations of the customer. Good product quality can build a positive brand image and increase customer loyalty. In addition, good product quality can also reduce company costs in the long term because it will reduce the cost of warranty claims and returns for defective products.

Shihlin Taiwan Street Snacks is also committed to maintaining high standards of food hygiene and safety. This is reflected in the use of fresh, high-quality

ingredients and food processing that is clean and safe for consumption. Shihlin Taiwan Street Snacks' success in creating an authentic and delicious Taiwanese street food restaurant concept has made it a well-known and globally recognized brand. Shihlin Taiwan Street Snacks is known as the best place to enjoy Street Snacks with authentic taste. One of the signature menus of Shihlin Taiwan Street Snacks is XXL Crispy Chicken

One of the company's methods for catching the consumer's eye is to work on the nature of its items. Brand image and product quality both influence customer loyalty, which in turn influences customer satisfaction. As indicated by the discoveries of prior examinations, unwaveringness doesn't just exist. because the company must have a strategy for managing its customers to compete.

According (Wardhana, 2022) to brand image is the perception of the brand in the minds of consumers that form trust consumers and customers to a brand. And by (Islam et al., 2009) brand image is the perception of the brand in the minds of consumers that form the trust of consumers and customers to a brand. It can be concluded that brand image is a brand that comes to customer's mind if that company creates a positive and good quality on their products.

Besides brand image, product quality is also one of the important things that prospective buyers examine when buying something, whether in the form of goods or services. So, from this the company must prepare a quality product that has high quality value, so that the product becomes a popular product compared to the quality of competitors' products. If this is already owned by the company, the quality of the product is in accordance with the needs needed and expected by prospective buyers when deciding to purchase an item to buy (Aghitsni & Busyra, 2022).

Every kind of business does not always go smoothly, and must be faced with ups and downs. Shihlin sometimes also has trouble with customer purchase decisions, the researcher choose Shihlin as the research object. This Shihlin has more than 5

outlets in Medan, which of thus the researchers will analyze Shihlin which is in Sun Plaza Medan and here are some of the reviews above.

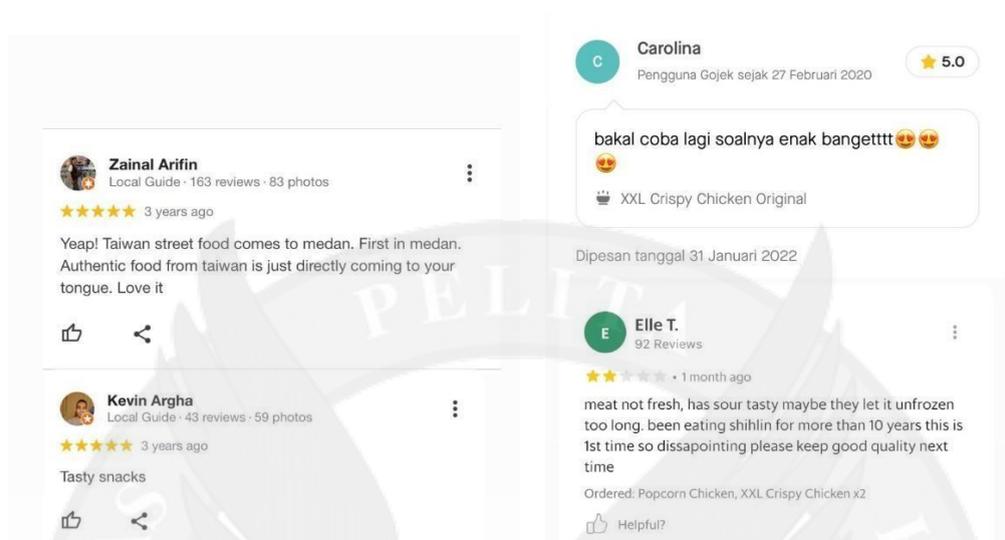


Figure 1.1 Google and Gojek Review of Shihlin

Source: Prepared by The Writer (2023)

According to the customers from the Google and Gojek Reviews, most of the customers were satisfied enough and planned to reorder again, another complained regarding the quality of the meat not fresh which makes the customer disappointed with the shop. The researcher also finds out that the meat is juicy and tender, sometimes it is not fresh enough which is the meat is dry. The inconsistency of the quality makes the customer dissatisfied with the shop. A restaurant's reputation and financial success will be enhanced if the food is of high quality, and customers will receive the anticipated level of satisfaction. (Wijaya Willy, 2017).

Since there isn't as much competition in the market, Shihlin must stay on track and be aware of new competitors by improving product quality, improving internal operations, and creating more diverse products to attract customers' interest and ensure that they are satisfied and generous with Shihlin's products. Concerning the affecting elements in this review, the author will focus on two primary factors in this examination, which are brand image and product quality.

The author understands that brand image and product quality influence the reliant variable which is known as customer purchase decision. The researcher will concentrate on Shihlin's products in this investigation. In view of the foundation of the issue depicted above, the authors are keen on leading exploration with the title "The Influence of Brand Image and Product Quality towards Customer Purchase Decision at Shihlin Taiwan Street Snacks in Sun Plaza Medan".

1.2. Problem Limitation

Due to the background and identification problem, the researcher will analyze the customer purchase decision. With the limited knowledge, time, and ability of researchers in conducting research, the problem limitations in this study will be limited to brand image and product quality as an independent variable, and customer purchase decisions as a dependent variable. The indicators of brand image are limited to the recognition, strength of brand's performance, brand identity, and the ease to remember the brand. The indicators of product quality are limited to the freshness of the product, texture of the product, aroma of the product and flavors of the product. The indicators of customer purchase decisions are limited to the purchasing experience, product selection, recommendations to others, and repurchase behavior.

Furthermore, the researcher restricts the research object to Shihlin, which is located at Jalan Jl. KH. Zainul Arifin No.7, Madras Hulu, Kec. Medan Polonia, Kota Medan, Sumatera Utara 20152. Additionally, only customers between the ages of 18 and 45 who have ever purchased products from Shihlin will be included in the sample. From July 2023 to December 2023, the research was conducted.

1.3. Problem Formulation

Based on the background of the research, the formulation of the problems in this research is as follows:

1. Does the brand image influence the customer purchase decision at Shihlin?
2. Does product quality influence the customer purchase decision at Shihlin?
3. Does brand image and product quality simultaneously influence customer purchase decisions at Shihlin?

1.4. Objective of the Research

Based on the background and problem formulation above, the goal of this research is as follows:

- 1) To figure out whether brand image has significant influence towards customer purchase decisions at Shihlin.
- 2) To figure out whether product quality has significant influence towards customer purchase decisions at Shihlin.
- 3) To figure out whether brand image and product quality simultaneously are significant towards customer purchase decisions at Shihlin.

1.5. Benefits of the Research

1.5.1. Theoretical Benefits

The benefits desired by researchers from the results of this study are as follows:

- 1) This research is expected to enrich the concept or as a supporting theory for development management as a source of research that has been obtained during lectures at Universitas Pelita Harapan Medan Campus for Undergraduate Hospitality Management Studies especially in food and beverage concentration, this research will be helpful for students.
- 2) The research's findings should be able to foresee and offer insight and knowledge in both theory and practice. The data and findings can be used as a source of information and material for further study by readers who

are interested in the food and beverage industry, particularly regarding the restaurant issue.

- 3) The third objective is to extend existing theory by adding logic and facts. The purpose of making this statement is to be able to answer and reach phenomena that occur based on concrete data. This research focuses on several factors related to influencing the buying decision of the customer in influencing brand image and product quality.

1.5.2. Practical Benefits

This is to convey certain things about information and knowledge that can be useful for certain parties to improve research or practical results.

- 1) For Students

With the results of this study, it is hoped that it can help students in solving problems with research that is related to consumer buying behavior or indicators in this survey.

- 2) For Researchers

This research is expected to be a foundation and can be useful, so that further researchers can get their views on the subject, as well as the current research problem, and to think more critically about the complex relationship between food and beverage attributes on customer decisions. To help in additional withsight or knowledge on both theory and practice, especially as input and what factors influence the brand image and product quality in consideration of sales by customer purchasing decisions for Shihlin customers.

- 3) For Company

This research is expected to know what aspects and comfort factors are required by the customer. As well as being able to unlock more broaden the insight of restaurant owners in terms of the brand image and quality of the food served so that customers feel satisfied. If this

research can solve and answer customer problems, it can help the company to gain more insight into how to boost their brand image as well as their food quality on Shihlin.

4) For the Campus

It can be used as a source of information on the achievement of learning objectives in the field of food and beverages, especially for hospitality management students.

5) For the Community

The results of this research are expected to be able to answer problems in life in the scientific community, government organizations, industry, etc. This situation can be resolved with theoretical and practical research. So that the problem of buyer interest can be well understood and alternative solutions for each problem will emerge.

