

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Every company is always trying to be successful in winning every competition with other companies and trying to be able to achieve its goal of creating and retaining customers. Maintaining customers is a challenge for companies that must be pursued for the survival of the company. In the selection and purchase of a product, consumers are much influenced by other factors that encourage consumers to make purchasing decisions, because purchasing decisions are the hope of every company (Anandy, et al, 2019).

Customer decision-making process can be described as the phases that customers go through in making a final purchase decision. The task of a marketer is to focus on the whole purchasing process instead of emphasizing solely on a purchase decision, because consumers experience different phases before reaching a conclusion. Understanding buyer behaviour is not easy because several factors can influence consumer behaviour before making a purchase decision. In some cases, consumers tend to spend less time in thinking about purchasing either low- or high-value products, because they consider that fulfilling their needs is more important. This has urged marketing managers to adopt strategies that motivate customers to purchase their offerings by creating an effective marketing plan (Meilina, 2020).

Grand Fix Resto & Lounge is a restaurant and lounge restaurant business in the city of Medan. Grand Fix Resto & Lounge provides several facilities that help visitors comfort or know, among others, set the table, where in each room there is a special dining room for meetings, because in Grand Fix Resto & Lounge provides different dining rooms include VIP, joglo, non-smoking areas, smoking areas, and standard.



Figure 1. 1 Logo at Grand Fix Resto and Lounge, Medan

Sources: Grand Fix Resto and Lounge, Medan (2023)

Based on a survey conducted that there is a decrease in purchasing decisions at Grand Fix Resto & Lounge, Medan that can be seen from the decline in revenue. The following revenue data can be seen in Figure 1.2 below:

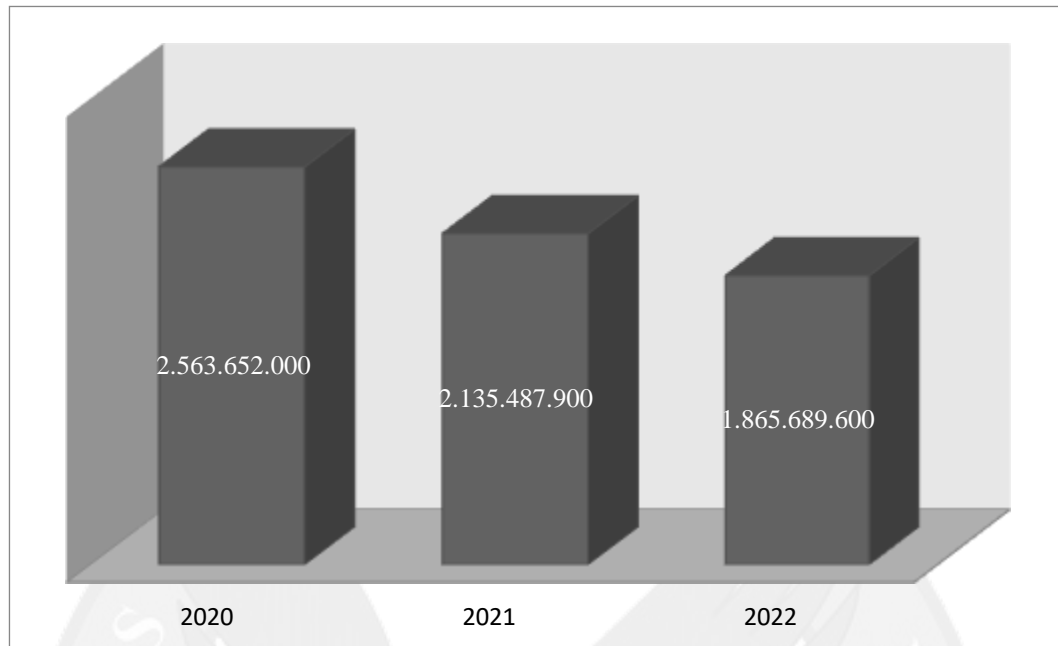


Figure 1. 2 Revenue Data at Grand Fix Resto & Lounge, Medan (2020-2022)

Sources: Grand Fix Resto and Lounge, Medan (Prepared by the writer, 2023)

Figure 1.2 shows that from 2020 to 2022 there was a decrease in revenue at Grand Fix Resto & Lounge, Medan. In 2021 there was a decrease in revenue by 17% (Rp. 2.135.487.900,-) and the following year there was a decrease in revenue by 13% (Rp. 1.865.689.600,-).

Brand awareness is the ability of customers to identify a brand in different conditions, can be done with brand recognition and recall of a particular brand. Brand awareness is created and enhanced by increasing brand familiarity through repeated exposure so that customers feel familiar with the brand. Brand Awareness is the level of how familiar consumers are with product brands from the name, logo, image, or slogan of a brand. Brand awareness is the ability of a prospective buyer to recognize and remember the brand as part of a product with the brand involved. High brand awareness can promote brand loyalty to

customers, and the higher the brand awareness grow, it will create the higher of customers intention to buy (Arianty, 2021).

The lack of brand awareness of the Grand Fix Resto and Lounge, Medan so as not to rely on and promote the hallmark of a restaurant that carries food. For now the level of competition is high between restaurants, but the company is not trying and less vigorous in increasing brand awareness of the Grand Fix Resto and Lounge, Medan. There are still many consumers have not identify brand Grand Resto and Lounge, Medan based on the slogan, logo, and packaging.

One of the most effective ways to spread information about a company or product is through word of mouth. Word-of-mouth marketing helps a company reach new audiences and build a positive brand reputation. By using this unique and organic means of marketing, businesses can attract customers and increase profitability all while strengthening their connection with their existing patrons. Word-of-mouth marketing is the conveyance of information about a company or product from person to person, often naturally during a conversation rather than through official promotional materials. If a company is implementing this strategy successfully, it means that many people are talking about the business among themselves and encouraging each other to support it. For example, a colleague may tell you about a nearby restaurant customers enjoyed (Joesyiana, 2018).

Many negative things received by customers at Grand Fix Resto and Lounge, Medan, this is due to some food menus that do not have good taste, is quite slow although the condition of the restaurant is not too crowded. Companies do not provide promotions related to recommendations in order to

obtain discounts or cash back that can increase customer interest. This problem triggers low word of mouth from customer at at Grand Fix Resto and Medan. Some problems related to the food provided is not good so disappointing customers with a price offer that is quite expensive and for music still seems to be no development. This triggers many consumers who do not want to do Word of Mouth either directly or indirectly.

Hence, the writer decides to conduct a research with the title “**Influence of Brand Awareness and Word of Mouth on Purchase Decisions at Grand Fix Resto and Lounge, Medan**”.

1.2 Problem Limitation

Due to limitation of time and budget this research focused to Grand Fix Resto & Lounge that Brand Awarene (X_1), Word of Mouth (X_2) and Purchase Decision (Y). Grand Fix Resto & Lounge is located on Jl. Adi Sucipto, River Vier Complex, Former Holywoods Medan, Peace Loving, District. Medan Polonia, Medan City, North Sumatra.

1.3 Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Brand Awareness have partial influence towards Purchase Decisions at Grand Fix Resto and Lounge, Medan?
2. Does Word of Mouth have partial influence towards Purchase Decisions at

Grand Fix Resto and Lounge, Medan?

3. Do Brand Awareness and Word of Mouth have **simultaneous** influence towards Purchase Decisions at Grand Fix Resto and Lounge, Medan?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Brand Awareness have partial influence towards Purchase Decisions at Grand Fix Resto and Lounge, Medan.
2. To analyze whether Word of Mouth have partial influence towards Purchase Decisions at Grand Fix Resto and Lounge, Medan.
3. To investigate whether Brand Awareness and Word of Mouth have **simultaneous** influence towards Purchase Decisions at Grand Fix Resto and Lounge, Medan.

1.5 Benefit of the Research

The writer expects that this research can give benefits both theoretically and practically.

1.5.1 Theoretical Benefit

The research result can be used to expand, improve and develop the relevant theories especially in the Brand Awareness and Word of Mouth and its influence towards Purchase Decision.

1.5.2 Practical Benefit

The practical benefits on this research are:

1. For the writer

The writer as the researcher to get more experience in doing the research and as an addition to knowledge with regard to Brand Awareness, Word of Mouth and Purchase Decision.

2. For the Grand Fix Resto and Lounge, Medan.

To provide useful suggestion for the company in increasing Purchase Decision especially improving the Brand Awareness and Word of Mouth.

3. For other researchers

To be an additional reference, reference material for further research and information to interested parties in assessing the problem the same in the future.

