

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Globalizations era and free trade cause business competition growing competitively. Facing nowadays business condition, every company must use its best strategy and resource to survive and thrive in doing business. Businessmen compete to create creative and innovative products to meet the demand of customers. By doing so, the company's products will be purchased by the customer after the buying decision being made, the company expects most customers to frequently buy the company's product or to create loyal customers, in order to reach their sales target, and the company must keep its customers satisfaction. Because by fulfilling customer satisfaction, the customer will be loyal. The main goal of all companies is to win the market competition. Because by winning the competition, the company has customers to buy the product and eventually raise the profit (Kreutzmann & Hermann, 2020)

Generation Z (Gen Z) is the generation born between 1997 and 2012. Generation Z is also known as digital natives. Generation Z has characteristics that want to be practical, individual, more global, more open-minded, faster to enter the world of work, and more friendly to technological developments. Changes in people's lifestyles, especially generation Z, due to the proliferation of varied Chicken fast food, have an effect on food selection decisions (Kartika et al., 2024).

The success of a business depends of ideas, opportunities and businesses. Business must be able to create a new idea that can add value to the customers. Many business think that the current promising business is the culinary business. The culinary business is increasingly in demand by business as they see the increasing number of people who are looking for a diverse food menu.

Fritto Chicken is a fast food restaurant established in Medan on January 19, 2020. Fritto Chicken is Medan's original fast food restaurant that offers different flavors and affordable prices. The first outlet stood on Jalan Yos Sudarso or known as Fritto Chicken Simpang Office, then Fritto Chicken built its second outlet on Jalan Asia. Fritto Chicken has a motto that is “Chicken For Everyone”. Which means chicken for all society. The meaning of the name Fritto Chicken itself is taken from Italian which means fried and chicken is taken from English which means chicken and when combined it means fried chicken.



Figure 1.1. Logo of Fritto Chicken

Sources: Fritto Chicken (Google, Data Accessed on March 08, 2025)



Figure 1.2. Fritto Chicken TVRI

Sources: Fritto Chicken TVRI (Google, Data Accessed on March 08, 2025)

Fritto Chicken TVRI is located in a strategic location close to Podomoro Mall and the JW Marriott Medan office and hotel neighborhood. Fritto Chicken TVRI also provides more complete facilities such as a large parking lot, wifi, toilets and others compared to other Fritto Chicken. Fritto Chicken TVRI also offers indoor and outdoor space, but still does not have a good impact on purchasing decisions from Fritto Chicken TVRI.

This research was conducted in the Fritto Chicken TVRI. Customer purchase decisions at Fritto Chicken TVRI have decreased, which can be seen from the level of revenue has decreased.

Table 1.1 Revenue Data of Fritto Chicken TVRI (2022-2024)

Year	Total Revenue (IDR)	Percentage (%)
2022	5.958.658.400,-	-
2023	5.025.462.500,-	-15.66%
2024	3.901.569.800,-	-22.36%

Sources: Fritto Chicken TVRI (2025)

Table 1.1 shows that in 2022-2024 the revenue of Fritto Chicken TVRI has decreased. In 2023, it obtained total sales of Rp. 5.025.462.500, - while in 2024 it obtained total sales of Rp 3.901.569.800. From the data for 2023-2024 there was a decrease in sales of 22.36%.

Store environment refers to the physical, visual, and sensory elements of a store that influence customers' perceptions and purchasing behavior. It includes the store's layout, ambiance, and design. The store environment is designed to engage customers' senses and build lasting connections with them. A successful retail environment can boost its sales. Research by Pulungan et al (2023) at KFC Pematang Siantar, stated that store environment has partial influence in customers' purchasing decisions. While Budiono and Siregar (2023) did the research at Kafe Minum Kopi Medan Johor resulted with store environment do not influence customers' purchasing decisions.

Based on google review data obtained at Fritto Chicken TVRI that the store environment cannot provide comfort for customers. Many reviews say that Fritto Chicken TVRI offers easy parking, some of the things that disappoint customers have to do with cleanliness at Fritto Chicken TVRI, especially the toilet.



Figure 1.3. Indoor at Fritto Chicken TVRI

Sources: Fritto Chicken TVRI (Google, Data Accessed on March 08, 2025)

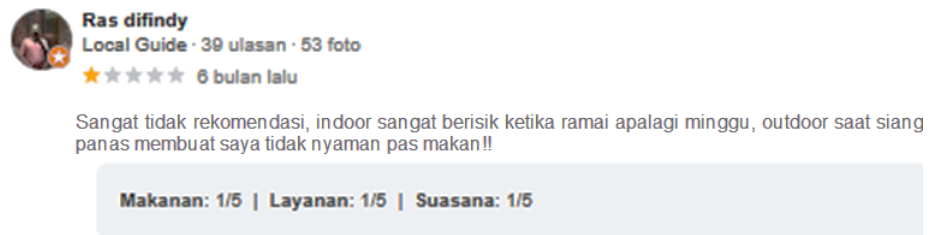


Figure 1.4 Negative Review of Store Atmosphere at Fritto Chicken TVRI

Sources: Fritto Chicken TVRI (Data Accessed on March 21, 2025)

Sales promotion is a marketing strategy that businesses use to boost purchase decision, create brand awareness, and drive customer loyalty. It involves various techniques and tactics to incentivise customers to make a purchase or take a specific action. Strategies can be explored by uncovering their benefits and drawbacks, and examining different types of sales promotions. Customers will provide insights on how to effectively plan, execute, and measure sales promotions, and how salesforce can assist company in optimising sales promotion efforts. Research by Abidin et al (2023) at KFC Tomohon City Branch of Jambi City, stated that sales promotion has partial influence in customers' purchasing decisions. While Junaparman (2021) did the research at Pizza Hut ZA Pagar Alam Bandar Lampung resulted with sales promotion do not influence customers' purchasing decisions.

Sales promotions at Fritto Chicken TVRI are routinely carried out every month. The many variations of Fritto Chicken bundle deals can be seen in the figure below.



Figure 1.5. Sales Promotions at Fritto Chicken

Sources: Fritto Chicken TVRI (Data Accessed on March 03, 2025)

Despite the many sales promotion programs designed by Fritto Chicken TVRI, according to the revenue data obtained directly from Fritto Chicken TVRI, it still cannot increase revenue in 2024. Bundle deals that are designed do not match the advertisements delivered such as super fritto (rice, wings / lower thighs, iced tea and french fries). Meanwhile, customers only receive rice, chicken and iced tea. As a result, many customers left negative reviews on Fritto Chicken TVRI.



Figure 1.6. Sales Promotions at Fritto Chicken

Sources: Fritto Chicken TVRI (Google Review, Data Accessed on March 03, 2025)



Figure 1.7. Negative Review of Sales Promotions at Fritto Chicken

Sources: Fritto Chicken TVRI (Google Review, Data Accessed on March 12, 2025)

From the figure above, there are many reviews from customers regarding the chicken that is too small compared to its competitors. For the bundle deal of promotion program that is packaged unattractively and seems not too attractive to customers. Although the bundle deals program is carried out, based on google review data obtained at Fritto Chicken TVRI shows that many think that the price of the promotional package is still expensive and does not match what customers want. Many customers assume that when a promotion is carried out, the portion is reduced, making customers disappointed.

Perceived value is customer's evaluation of a product or service's worth to them. It's also known as customer perceived value. Perceived value is important because it influences purchasing decisions, customer satisfaction, and loyalty. It's a key factor in marketing and business strategy. Research by Hikmawan and Ismunandar (2023) at Cafe Beeginning, stated that perceived value has partial influence in customers' purchasing decisions. While Agusti (2024) did the

research at GrabFood Jakarta resulted with perceived value do not influence customers' purchasing decisions.

Perceived value at Fritto Chicken TVRI which is still low is seen from the many employees who feel emotional so that they give low reviews and ratings on Google reviews, complaints related to prices that are quite expensive on Google reviews, there are complaints on Google reviews related to the disappointing quality of Fritto Chicken. Based on google review data obtained at Fritto Chicken TVRI shows that many customers feel disappointed due to service that takes too long and employees who are not responsive in service and the serving of food is quite long even though sometimes Fritto Chicken TVRI is not too crowded. According to customers, the serving of food that is cold and related to the food utensils that are often given out do not have the brand of Fritto chicken on them. As a result of this phenomenon, the impact on customer purchasing decisions has decreased.

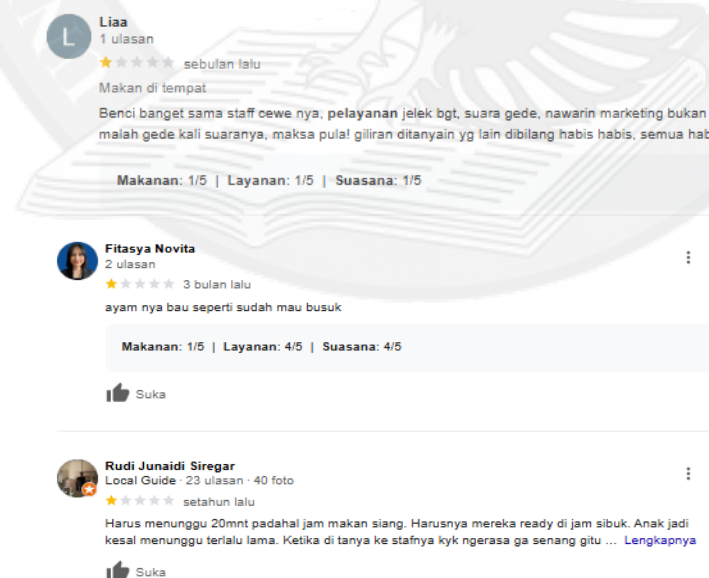


Figure 1.8. Negative Review of Perceived Value at Fritto Chicken

Sources: Fritto Chicken TVRI (Google Review, Data Accessed on March 12, 2025)

Based on the focus of the problem, the writer wish to examine more deeply this research paper is entitled: **“The Influence of Store Environment, Sales Promotion and Perceived Value on Generation Z’s Purchase Decision at Fritto Chicken TVRI.”**

1.2. Problem Limitation

In order to maintain the limitation of time and budget, the writer decides that this study is limited to only several variables such as Store Environment (X_1), Sales Promotion (X_2), and Perceived Value (X_3) as independent variables and Generation Z’s Purchase Decision (Y) as the dependent variable. Moreover, the writer would also limit the object of research to Fritto Chicken TVRI.

1.3. Problem Formulation

According to the background of study above, the writer can conducted some research question can be seen below:

1. Does Store Environment has partial influence on Generation Z’s Purchase Decision at Fritto Chicken TVRI?
2. Does Sales Promotion has partial influence on Generation Z’s Purchase Decision at Fritto Chicken TVRI?
3. Does Perceived Value has partial influence on Generation Z’s Purchase Decision at Fritto Chicken TVRI?

4. Do Store Environment, Sales Promotion and Perceived Value have simultaneous influence on Generation Z's Purchase Decision at Fritto Chicken TVRI?

1.4. Objective of the Research

Based on the research problem formulation, the objectives of this research can be conducted as follows:

1. To analyze the Store Environment have partial influence on Generation Z's Purchase Decision at Fritto Chicken TVRI.
2. To analyze the Sales Promotion have partial influence on Generation Z's Purchase Decision at Fritto Chicken TVRI.
3. To analyze the Perceived Value have partial influence on Generation Z's Purchase Decision at Fritto Chicken TVRI.
4. To analyze the Store Environment, Sales Promotion and Perceived Value have simultaneous influence on Generation Z's Purchase Decision at Fritto Chicken TVRI.

1.5. Benefits of the Research

1.5.1. Theoretical Benefit

The benefit of overall study in this research is needed to provide a better understanding of how Store Environment, Sales Promotion and Perceived Value influence on Generation Z's Purchase Decision.

1.5.2. Practical Benefit

The following are the practical benefit provide in this research:

1. The writer

The writer wish to expand the knowledge base and new experience about the importance information about Store Environment, Sales Promotion and Perceived Value influence on Generation Z's Purchase Decision.

2. For Fritto Chicken TVRI

This research is expected to be able to contribute to help Fritto Chicken TVRI to increase their Generation Z's Purchase Decision, as well as provide positive things to distributions that will increase the comfortness among customers also for Fritto Chicken TVRI.

3. For other researchers.

This research is supposed to bring new theories references and information about Store Environment, Sales Promotion and Perceived Value influence towards Generation Z's Purchase Decision.