

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this digital era, business concepts are beginning to shift, for example by implementing digital uses into their daily lives or even in the workplace such as communicating via online, exchanging information or knowledge, sharing ideas, and so on. These behaviors have created many opportunities for businesses and also affect a lot in the hospitality industry, not only for business opportunities but also for relationship between businesses to grow better only through their electronic devices. Apart from businesses, people nowadays are also using social media via their electronic devices to do their daily activities for entertainment, stay up to date to the news, and connect with their friends, family, and so forth. Social media's rise has ushered in a new era of consumer interaction and engagement for businesses and brands. (Godey in Yan et al., 2018). Technology is developing at a very rapid and huge pace at present. Information is easier to access for consumers who were the target of the campaign. However, during the process, customers would be searching for reviews and information about specific products before making a purchase. There are numerous ways for businesses to inform customers, and one useful method is electronic word of mouth, or E-WOM. (Martha et al., 2024). One of the example the author will mention is in food and beverage industry such as restaurant, nowadays people are starting to change their behavior in deciding or

intent to do some activities such as purchasing and selling, with the majority of them using social media to do so.

Customer's purchase intention nowadays is important for a company's growth moreover the process that create intention of customers to purchase their products or services. As stated by Camelia (2024) stated that Purchase intention is the act of customers intending to purchase a product based on their prior experiences selecting, utilizing, and consuming it. Moreover, based on Peña-García et al. in Camelia (2024) stated that purchase intention is defined as several processes that consumers go through before the intention to buy an item. Based on the definitions above, it can be implied that purchase intention is the behavior of consumers who have intention or desire to choose and consume a product with different brands, then make a choice by purchasing or other things to obtain it. Having a high purchase intention from customers will retain food and beverage industry where in this industry, the main revenue or income came from customers therefore, purchase intention from customers is highly favored for the business growth. There are also several factors that are affecting purchase intention of customers such as social media

Restaurants with a customer's purchase intention problem could come from lack of social media awareness where in line with Sorooshian in Camelia (2024) state that social media is a media that could be utilized to promote, persuade, and build customer sensitivity regarding the presence of selected products or services

to obtain target details and expectations of customers. On social media, you can quickly see the responses of followers. With the appearance of social media, it provides effective and efficient benefits for business people, when building communication and gain positive ties to relationships and customers (Semuel & Setiawan in Camelia, 2024). When it comes to social media, often word of mouth in a traditional way or digital way is also included in increasing one's awareness of a brand.

Electronic word of mouth could be positive or negative where it basically give out reviews from customers that has ever experienced the product or services, where Bansal in Cuong (2021) explained that one of the crucial benefits that internet has provided is Electronic Word of Mouth. It has many advantages over traditional word of mouth publicity. Electronic Word of Mouth could reach in a faster speed to another and it remains online as a record and can be referred in future. It has a crucial advantage for a brand where some reviews came from E-WOM could be one of the factors that are affecting customer purchase intention towards a restaurant, customers tend to collect information regarding the desired product or services to try before purchasing, and in this case, electronic word of mouth doesn't just impact the customers intention but also motivates the customers to consider purchasing the products and even refer it to their surroundings. One of the factors that affects customers to share about the brand is from the brand awareness where customers need to be aware first towards the brand.

In accordance with Kussudyarsana in Anwar & Padmantyo (2024) that the capacity of a brand to be recalled as one that employs its customers is known as brand awareness. For a brand to become deeply ingrained in consumers' brains, brand awareness must be increased. Customers will be better able to identify and remember the product if they are familiar with the brand. Also supported by Boonsiritomachai in Anwar & Padmantyo (2024), that customers' capacity to recognize and recall brands can be improved by raising brand awareness. It can be inferred that brand awareness is crucial for businesses because it can establish a point of differentiation that generates a favorable image or response, ultimately making customers feel more connected to the brand and more inclined to buy its goods or services. As a result, in today's competitive environment, a customer's purchasing intention is critical to a company's continued growth. While customer's purchase intention as the key factor are the most important things in a company's successful growth, a competent social media, strong awareness from brand, and positive electronic word of mouth are also crucial for one company's growth.

In terms of implementing the mentioned above, the writer would like to conduct research towards Fook Inc Medan, it is located in Jl. Biduk No.8, Petisah Tengah, Kec. Medan Petisah, Kota Medan, Sumatera Utara 20111, opened since December 2022. Instagram is one of the most used application for promoting Fook Inc. Using Instagram as a marketing channel to attract customers, Fook Inc introduce their restaurant by posting content of appetizing food and beverage and also do some

collaboration with food blogger for increasing the awareness of the restaurant in social media.

Table 1.1 Google Review of Fook Inc Medan

No	Ratings	Comments
1	1 star	It's not that serious. The bamboo straws taste mint, so you definitely won't wash them clean. What kind of leaves does the jasmine tea have? Seriously, it adds that much sugar. The food is very, very bad, the noodles are special but they taste sweet, really sweet. Chili noodles but... that's it.
2	2 stars	Rasa b aja, tekstur mi tebal Dan lbh keras, gak sesuai expektasi dengan harga yg pricey, kuah sup nya tawar ga ada rasa, tidak mau balik lagi, di vlog orang kayak wah kali rupanya hanya video, bumbu gak medok rasa hanya sebatas cari aman
3	3 stars	We ordered singapore noodle, for me it is more like spicy noodle. And we can't control the chili level. Taste 2.5/5. Also the have use too many msg on this menu. Be aware if you have msg sesivity. Their porridge have strong ginger. And i dont like it too. Taste 3/5 Curry rice with chicken cutlet, taste 3.5/5. I will give 4 star if the curry is more thick Note : i think the owner got some issue after i review this, he said sorry after that judge me that i am not a smart and reasonable social media user. Hello owner, rather you act like this better u change your dish menu from singapore noodle into spicy noodle. The real singapore noodle didnt spicy like yours!
4	4 stars	Service was excellent. Came at lunch hour and the tables were almost fully occupied, luckily i got one empty seat. Ordered Dry Mala Noodle, Mala Dumplings, and Lemongrass Tea. Mala Noodle was 7/10, the mala tastes bland, they could work on the mala recipe more, but overall it was okay. Mala dumplings was 4/10 for me. The broth barely tastes like anything.. only tastes like meat water. Lemongrass Tea was 7/10, should be added with simple syrup for the better taste. Considering on trying another menu next time.
5	5 stars	Visit kedua kali hanya untuk makan their mala dumpling, dry chili noodle dan beef truffle lagi haha!! For the second time we try their curry noodle its good but i'm not into curry its still good!

Source: Prepared by the writer (2024)

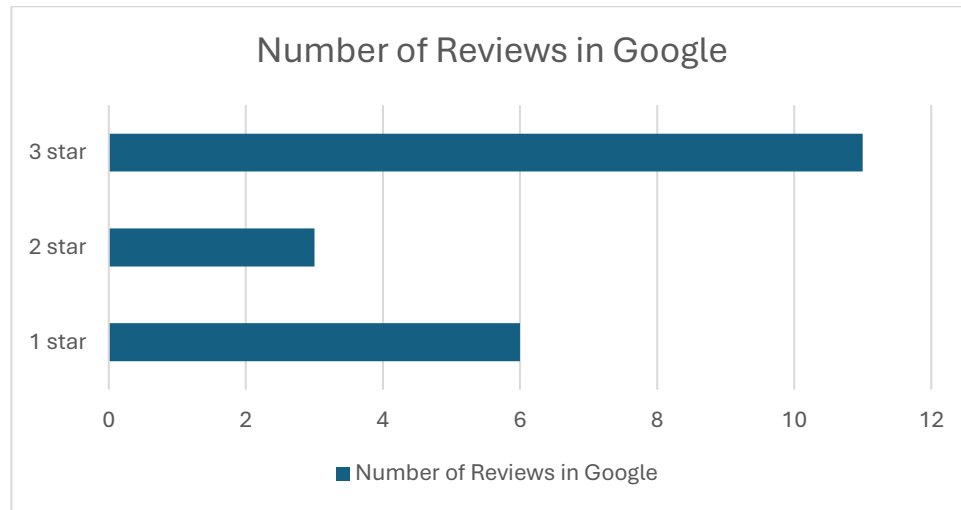


Figure 1.1 Number of Google Reviews of Fook Inc

Source: Prepared by writer (2024)

From the table above, the writer uses Google for the electronic word of mouth shown which is from google review in the comments and graph, based on the observation of Fook Inc's google review from customers who dine in, the comments shows that the review of one to three stars are relevant with the variable of Electronic Word of Mouth which impacts to the customers image towards the restaurant negatively, starting from the taste of food is lacking, service is poor and furthermore, the owner reply is not subjective and made the customers dissatisfied. From the reviews, it could impact from customers to another potential customers, where the writer recommends that the restaurant should handle with care for this kind of comments such further review and improvement of the food and beverage taste where customers could spread their

experience to their surroundings and it could affect the intention of customers who wanted to purchase the products in the restaurant. Moreover, the writer provides a more solid supporting phenomenon regarding the Electronic Word of Mouth from the social media Instagram, it is displayed as below:

Table 1.2 Fook inc Instagram Comments

No	Username	Comments
1	@dpertiwisuherman	Tadi makan di sini bener2 mienya masih keras, terus pangsitnya asin bgt sampe gak ke makan, tolong d tingkatkan lagi rasanya
2	@aiyunayy	Ud pernah tp sorry to say ini sama sekali hambar dan gak berasa, ditambah juga cita rasanya ttp gak masuk, pelayanannya juga kurang huhu
3	@faherh08	Kemarin kesini, makan nasi kuah itu, enak la, comfort food. Tapi pesan mie special nya kaya kurang nendang gitu. Kulit caramel itu not my taste. Semuanya not bad tapi kayanya belum ada alasan untuk balik lagi
4	@angeliareynetha	Waiters menggunakan tangan kosong untuk serve cutleries, kurang standart aja pelayanannya, hanya masukan, syukur aja kalo saran saya di dengar sih

Source: Prepared by the writer (2024)

From table 1.2 above, it shows that there are some comments from customers who dine in Fook inc and also display a similar phenomenon which is taste of food is lacking, where the writer recommends that the restaurant owner could take care the reviews or comments given and improve in their food and beverage. As a result, the bad reviews and comments will have an influence on the social media of the restaurant as well as the electronic word of mouth that are delivered by one customer to another customers and could influence the overall customer intention to purchase at the

restaurant. Furthermore, the writer display number of followers for the restaurant and also several of the competitors as seen below:

Table 1.3 Instagram Followers of Fook Inc and Competitor

NO	Brand	Followers
1.	Hajimahmud.id	16.5k
2.	Sinarutama	15.1k
3.	Fook_inc	7.248

Source: Prepared by writer (2024)

From the result above, the writer gathers several information regarding several brands that are selling similar products which is hajimahmud.id, sinarutama, and fook_inc. All of the brand are focusing on selling chicken noodle where it is shown from the followers amount that fook_inc placed third, this can be a concern of brand awareness, the writer recommends that should do more engagement with customers in social media, where the business could involve the customers in some events such as requiring the customers to like, comment, and share the post to increase awareness. As a result, implementing said above will most likely to increase the rate of customer purchase intention in purchasing the products with the help of strong brand awareness, positive electronic word of mouth, and competent social media.

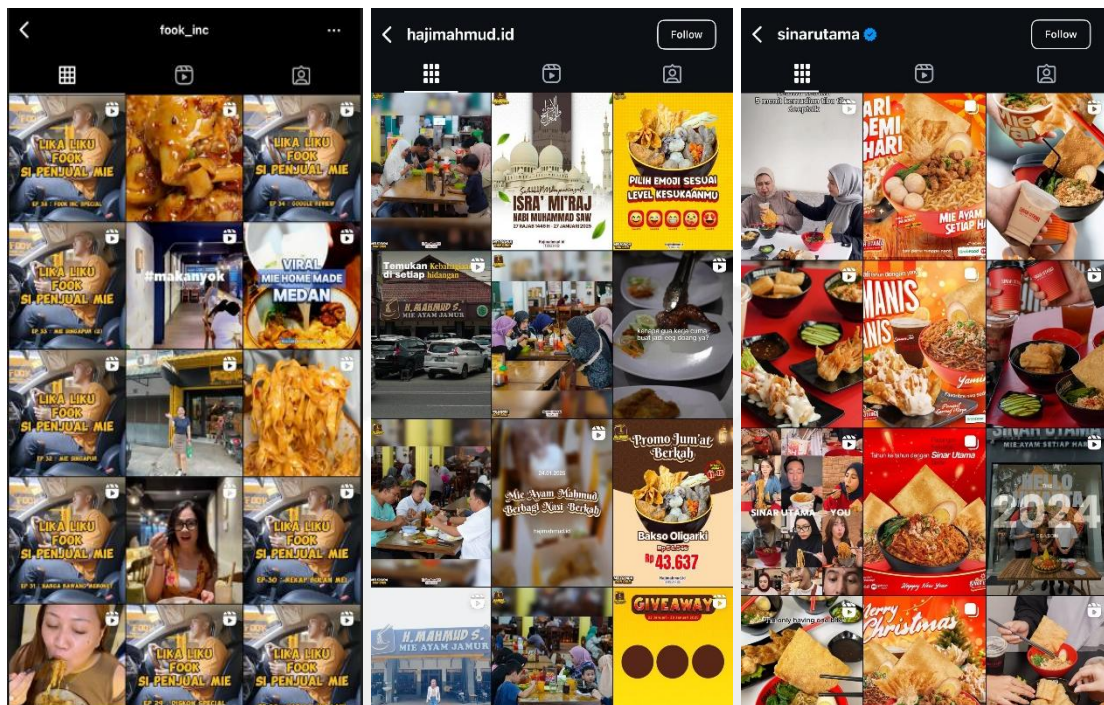


Figure 1.2 Instagram of Fook Inc and Competitors

Source: Prepared by writer (2024)

From the result above, the writer compiles the design posting or feeds of each of the mentioned above Instagram accounts which are fook_inc, hajimahmud.id, and sinarutama. It could be seen from the design posting of each Instagram accounts feed, fook_inc posted looks repetitive compare to the other brand, this can be a concern of customer purchase intention where customer will see the other competitor to be more attractive in regards of the social media feeds, fook_inc could improve their content with more variety and

different moreover up to date thumbnails to attract potential customer who wanted to dine in during their search in social media.

Table 1.4 Customer Visit Data of Fook Inc on 2024

Month (2024)	Amount (Customer that visit)	Changes in %
July	1250	-
August	1375	+10%
September	1420	+3.3%
October	1310	-7.7%
November	1280	-2.2%
December	1180	-7.8%

Source: Prepared by writer from Fook Inc Medan (2024)

There are evident issues affecting customer purchase intention at Fook Inc Medan. As reflected in the data from July to December 2024, the number of customer visits has shown a consistent decline, which has also negatively impacted Fook Inc overall sales performance during this period. Several factors may contribute to this trend. One significant aspect is the restaurant's social media presence, which appears to lack effective engagement and visibility. Additionally, the impact of electronic word of mouth (e-WOM), particularly customer reviews shared online, may be influencing public perception and discouraging potential diners. Furthermore, the level of brand awareness for Fook Inc Medan may not be strong enough to attract new customers or retain existing ones in a competitive market. These elements combined indicate that immediate attention is needed to improve marketing strategies, customer

relations, and brand positioning to restore and enhance customer purchase intentions.

Based on the background of study stated above, the writer is interested in doing research entitled **“THE INFLUENCE OF SOCIAL MEDIA, E-WOM, AND BRAND AWARENESS TOWARDS CUSTOMER PURCHASE INTENTION AT FOOK INC MEDAN”**.

1.2 Problem Limitation

The purpose of this study conducted is to determine whether social media, electronic word of mouth, and brand awareness has influence towards customer purchase intention at Fook Inc Medan. The social media in here will be limited on Instagram, and the characteristics of these respondents consist of gender, age, and times of visit.

The indicator for Social Media (X1) is entertainment, interaction, and trendiness (Putri et al., 2022). Indicators of Electronic Word of Mouth (X2) is positive opinion, negative opinion, and intensity (Putri et al., 2022). Indicators of Brand Awareness (X3) in this research is popularity of a brand, knowledge of brand, and brand as the first choice (Durianto in Shim et al., 2018) and lastly, indicators of Customer Purchase Intention (Y) in this research is repurchase, direct purchase, and purchase in the future (Kumar and Rahman in Martha et al., 2024)

1.3 Problem Formulation

In the problem formulation, the writer will formulate as follows:

1. Does Social Media have partial influence towards Customer Purchase Intention at Fook Inc Medan?
2. Does Electronic Word of Mouth have partial influence towards Customer Purchase Intention at Fook Inc Medan?
3. Does Brand Awareness have partial influence towards Customer Purchase Intention at Fook Inc Medan?
4. Do Social Media, Electronic Word of Mouth, and Brand Awareness have simultaneous influence towards Customer Purchase Intention at Fook Inc Medan?

1.4 Objective of research

As result of this research, the writer is expected to find the objectives such as:

1. To determine how Social Media influence towards Customer Purchase Intention at Fook Inc Medan.
2. To determine how Electronic Word of Mouth influence towards Customer Purchase Intention at Fook Inc Medan.

3. To determine how Brand Awareness influence towards Customer Purchase Intention at Fook Inc Medan.
4. To identify the influence of Social Media, Electronic word of mouth, and Brand Awareness towards Customer Purchase Intention at Fook Inc Medan.

1.5 Benefit of research

1.5.1 Theoretical Benefit

This research can be used as a guidance, reference, or resource for all parties or future researchers in order to better understand theories and how to increase brand awareness, electronic word-of-mouth, and social media influence towards customer purchase intention compared to other competitors in the industry.

1.5.2 Practical Benefit

Below stated is the practical benefits from this study:

a) For writer

To let the author, understand knowledge about conducting research and reading information, journals and books, regarding variable of Social Media, Electronic Word of Mouth, Brand Awareness, and Customer Purchase Intention.

b) For company

To get an overview of the company, about the Social Media, Electronic Word of Mouth, Brand Awareness, and Customer Purchase Intention and how the company can make improvements to the business.

c) For other researchers

To increase the knowledge of other researchers, about Social Media, Electronic Word of Mouth, Brand Awareness, and Customer Purchase Intention to help other researchers in conducting research and could use as a reference in researching similar variables.

