

## CHAPTER 1

### INTRODUCTION

#### 1.1 Research Background

In recent years, there has been significant development of culinary business in Indonesia. According to the director of Parama Indonesia, the increase of culinary business in Indonesia is triggered by the needs of the people, especially those in the big cities. The lifestyle of people who work until night makes them often order food rather than cook at home (Wahyuni, 2017). The lifestyle of the people who like culinary tours also results in the growth of culinary business. According to Fadjar Hutomo, the capital access deputy of BEKRAF (*Badan Ekonomi Kreatif Indonesia*), culinary business, consisting of traditional food and modern food, provides the highest contribution to creative economy sector, that is 34%. (Wahyuni, 2017).

The growth of Indonesian Muslim population is 16.7% per year faster than the growth of global Muslim population (2.9%). It is in contrast to the growth of the world non-Muslim population, that is only 2.2% per year (Rahmayani, 2017). Indonesia becomes the country with the largest Muslim population in the world and therefore becomes the country with the largest consumers of halal products in food and beverage sectors (Fauzia, 2018).

Halal products, especially food products, are very attractive to not only Muslims but also non-Muslims. Halal products are growing rapidly due to the demand of non-Muslim consumers as well. This is related to the fact that halal products are guaranteed to be healthier and safer for health (Firmansyah, 2018).

The population structure of Indonesia, which is dominated by millennials (ages 17-37) i.e. 4.2 million inhabitants, has strong interaction with halal food sector. The sentiments of the millennial generation on halal food products are 71% positive, 10% neutral and 18% negative (Rahmayani, 2017). It means that the community, especially the millennial generation, are the consumers who not only think about how a food product can meet their needs but they also think about its halal nature and therefore look for halal food products.

Afifon (2015) claims that fast food is the most popular food in Indonesia because of its practicality. It does not require long time to make it. It is also halal and has affordable price. Besides, fast food is very easy to find either in malls, in restaurants, or in roadside outlets. There are many kinds of fast food ranging from snacks to heavy food. Fast food is liked by various groups ranging from children to elderly. According to the latest Mastercard's survey, entitled Consumer Purchasing Priorities, 80% of Indonesians have meals in fast food outlets, 61% of Indonesians have meals in food courts, and 22% of Indonesians have meals in restaurants and cafe (Arista, 2016).

Fast food in Indonesia has begun replacing traditional food. Indonesian people prefer consuming modern food (fast food) such as crispy fried chicken, pizza, burgers, fries, pasta, chicken nuggets, sausages, fried food, meatballs and so on. Most fast foods as such are classified into unhealthy food because fast food contains a lot of salt, sugar, calories and fat. If it is not balanced with healthy food, it will damage the body. High calories on fast food, if not balanced with activities or exercise, will endanger health because it can lead to obesity.

However, not all fast food is unhealthy. Kebab is an example of the fast food that has nutrition; therefore, it is good for consumption. Susie Burrell, a nutritionist and a diet consultant, says in *news.com.au* that the composition of kebab is not too bad and it has nutrition because it is not cooked under a deep frying system. Besides that statement, kebab also contains a lot of fresh vegetables (Nurhilal, 2014).

Kebab originally comes from the Middle East, that is Turkey. Kebab is popular not only in Indonesia but also in all over the world. Kebab has started to become popular in Indonesia since *Kebab Baba Rafi* was established in 2005. Back then, *Kebab Baba Rafi* was sold in a simple stall on the street. This concept is loved by many people who previously did not know what kebab was. Today, *Kebab Baba Rafi* can be categorized as one of the biggest kebab franchises in the world. Within 13 years, *Kebab Baba Rafi* has already had [kiosks in 9 countries](#) (Wibisono, 2018). The success of *Kebab Baba Rafi* triggers other people to create new kebab brands every single day.

Kebab becomes popular in Indonesia because it comes from the Middle East that has a halal image. It is also simple food that can be eaten anywhere and anytime. Everyone, from younger to older people, can eat kebab. Besides that, when kebab existed in Indonesia, the innovation was carried out to make kebab adjusted to Indonesian taste. Kebab is made of various grilled meat dishes, stabbed using a puncture or iron rod, which are sliced into small pieces then added with vegetables, sauce, and mayonnaise. All of these ingredients are wrapped by tortilla bread.

Making kebab is easy. There is no need to have special skill to make it. Therefore, many people have tried their luck in kebab business. The increasing number of kebab outlets makes the competition even tighter. Culinary business, especially kebab business in Padang, is considered promising. It is evidenced by the number of similar outlets available in Padang. Other competitors in Padang also sell similar kebab variants, however *Kebab Turki Zahara* is still the best option. Based on the initial survey, the researcher conducted the survey to 25 people. The data of the most frequently visited kebab outlets in Padang are as follows:

**Table 1.1**

**The Most Frequently Visited Kebab Outlets in Padang**

No.	Outlet Name	Chosen by (Number of People)	Percentage (%)
1	<i>Kebab Turki Zahara</i>	13	52%
2	<i>Abuds Kebab</i>	7	28%
3	<i>Kebab Dara</i>	5	20%
<b>Total</b>		<b>25</b>	<b>100%</b>

*Source: Initial Survey, 2018*

Based on Table 1.1, the most frequently visited outlet was *Kebab Turki Zahara*, chosen by 13 people with the percentage of 52%. Then, *Abuds Kebab* was chosen by 7 people (28%) and *Kebab Dara* was chosen by 5 people (20%). The following are some kebab outlets in Padang:

**Table 1.2**

**Kebab Outlets in Padang**

No.	Outlet Name	Number of Outlets
1	<i>Kebab Turki Zahara</i>	8
2	<i>Kebab Dara</i>	6
3	<i>Kebab Saudara</i>	3
4	<i>Abud's Kebab</i>	3
5	<i>Kebab Turki Babarafi</i>	1
6	<i>Pondok Kebab eRZet</i>	1
7	<i>Kebab Durian Harapan Mama</i>	1
8	<i>Kebab Durian Padang</i>	1
9	<i>Boy Kebab</i>	1

Source: Google Map, 2018

From the data above, it can be seen that *Kebab Turki Zahara* has the most branches (8 branches). Consequently, it has big opportunity to be found and visited by consumers who want to buy kebab regardless of the brand. Besides, the locations of each outlet are strategic, i.e. at the edge of the road, across the road, and within the scope of college students, such as around Andalas University, Universitas Islam Negeri Imam Bonjol, and Universitas Putra Indonesia. Those strategic locations can be a plus point for *Kebab Turki Zahara*. *Kebab Turki Zahara* previously existed in Solok, Payakumbuh, Pekanbaru, and Bukittinggi. Today, *Kebab Turki Zahara* in Payakumbuh is the center of *Kebab Turki Zahara*. *Kebab Turki Zahara* has been trying to expand more. It opened its outlet in Padang in February 2016. The first branch was at Simpang Tinju. Due to the big enthusiasm, *Kebab Turki Zahara* tried its luck by opening 7 more branches in Anduriang, UPI, Alai, Pasar Baru, Sawahan, Kalawi, and Tabing. *Kebab Turki Zahara* in Padang is not yet called as a franchise because its brand owner gives capital to someone in Padang to be able to establish a *Kebab Turki Zahara* outlet.

The profit is divided into some portions: 50% for *Kebab Turki Zahara* brand owner; 40% for employees, rent, and raw materials; and 10% for the manager of *Kebab Turki Zahara* in Padang (Interview, October 2018).

The menu and the prices offered by *Kebab Turki Zahara* are actually almost the same as other competitors. The recipes and the raw materials used are also the same as other competitors. For the raw materials such as meat, tortilla, and mayonnaise are distributed directly from Payakumbuh.

To face the competition in culinary business, a company must have its own strength. The company should consider and pay attention to its products (Anggita, 2017). Product is something that can be offered by a company or anyone to a market for getting attention, acquisition, use, or consumption that might satisfy desire or need (Kotler & Armstrong, 2012). The company should create the good quality of its products because usually consumers want to get the products that have good quality. The quality of a product has major influence on the profitability of a company and the success of a product on the market (Ehsani, 2015). Thus, the company should maintain and improve the quality of its products. In culinary business, the main factor that makes consumers choose a culinary place is the food offered. Therefore, a culinary place must have tasty food and meet the taste or the expectation of consumers. Good product quality will be able to maintain the business and compete with other competitors. Alfred (2013) also states that product quality influences consumers' purchase decision.

The consumers will buy not only the product but also the service. Service includes the activities, benefits, or satisfaction offered for sale which are basically

intangible and do not produce any ownership (Kotler & Amstrong, 2012). The service provided will immediately get assessment from the consumers. There are two main factors that influence the quality of service: expected service and perceived service. If the quality of service received by the consumers is better or the same as what they have imagined, it is likely that they will repurchase next time, and vice versa (Yafie, 2016). In culinary business, fast service and friendly employees are what the consumers expect. Kumar (2018) also elucidates that service quality influences consumers' purchase decision.

In the marketing concept, there is what is called a marketing mix that consists of product, promotion, price, and also place/ business location (Rizal, 2017). Choosing the right location also supports consumers' purchase decision process. Location selection is one of the business decisions that must be considered carefully. Business location has the relationship with business success. Choosing the right location will affect someone's decision making. The strategic business location can attract consumers to just stop by and taste the food. Choosing the right location is also a determinant for consumers to go to a store. The consumers will take into account how accessible the location is. Supaartagorn (2017) also mentions that place influences consumers' purchase decision.

Based on the background described above, the researcher was interested in conducting the research entitled: "**The Influence of Product Quality, Service Quality, and Location on Purchase Decision of Kebab Turki Zahara in Padang "**

## 1.2 Research Questions

Based on the background described above, the problem statements are built as follows :

1. Does product quality influence purchase decision of *Kebab Turki Zahara* in Padang?
2. Does service quality influence purchase decision of *Kebab Turki Zahara* in Padang?
3. Does location influence purchase decision of *Kebab Turki Zahara* in Padang?

## 1.3 Research Objectives

1. To analyze the influence of product quality on purchase decision of *Kebab Turki Zahara* in Padang.
2. To analyze the influence of service quality on purchase decision of *Kebab Turki Zahara* in Padang.
3. To analyze the influence of location on purchase decision of *Kebab Turki Zahara* in Padang.

## 1.4 Research Contributions

1. Academic contribution

The results of this research are expected to be a reference for other researchers who are interested in investigating the same topic and be able to add more information in the field of marketing management.



## 2. Practical contribution

The researcher expects that this research can provide knowledge of how the quality of product, the quality of service, and the location influence the purchase decision of *Kebab Turki Zahara* in Padang.

## 3. Contribution for companies

The results of this research will provide information for companies regarding the factors that influence consumers to buy the products. The result on the factor that has significant influence can be a reference for companies to determine their strategy to face the competition in the future.

### 1.5 Research Scope

The scope of this research comprises the influence of product quality, service quality and location on purchase decision of *Kebab Turki Zahara* in Padang. The object of this research includes the consumers of *Kebab Turki Zahara* in Padang.

### 1.6 Research Outline

In order to make this research easily understood and become well-organized, the researcher divides the explanation into five chapters, namely:

#### **CHAPTER I: INTRODUCTION**

This chapter contains research background, problem statements, research objectives, research contribution, research scope and research outline.

## **CHAPTER II: LITERATURE REVIEW**

This chapter comprises theoretical variables, previous studies, theoretical framework, and hypotheses development.

## **CHAPTER III: RESEARCH METHODOLOGY**

This chapter covers research design, population and sample, data and data collection, variables and measurement, operational definition of variables, and analyses of data.

## **CHAPTER IV: RESULTS AND DISCUSSION**

This chapter explains the results of data analyses regarding the influence of product quality, service quality, and location on purchase decision of *Kebab Turki Zahara* in Padang.

## **CHAPTER V: CLOSING**

This is the last chapter. It explains conclusions, suggestions, limitation of the research and recommendation for further research.

