

CHAPTER I

INTRODUCTION

1.1 Research Background

Technological developments in the era of globalization were utilized by the people entrepreneurs to introduce their business like business restaurant or cafe. Spending time at the restaurant or at the cafe has become a trend now. Especially at this time, the number of restaurants that are increasing rapidly makes business competition increasingly tight so that restaurants or cafe must make interesting concepts like the environment of the store or the atmosphere so people will enjoy to stay more and also make a decision to buy their product.

Because the demand market is increasing highly, it pushes the owner of the business or the entrepreneur that has to make some innovation and improve their business to get more customers, and also the business people must be able to see business opportunities in the market, especially in culinary business, in fact, that culinary business is a promising business with opportunities for consumer buying interest that will continue to recur or purchase.

Before the entrepreneur wants to run the business or open the business, then the entrepreneur has to think about the identity or as people know as a brand. A brand must have its own unique identity. This identity can be created through the selection of names, logos, colors, and various other brand elements. A brand may be connected with other entities, intentionally or not. The relationship will create an impression, image, or awareness in the minds of customers (Mazwahid, 2016).

A strong brand as people know around the world in a culinary business are KFC, Mc Donalds, Pizza Hut, Burger King, Wendy's and so on. Because a brand today is really important than the past. According to Sotayo and Owa (2015), stated that branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of valuable intangible assets that every firms have.

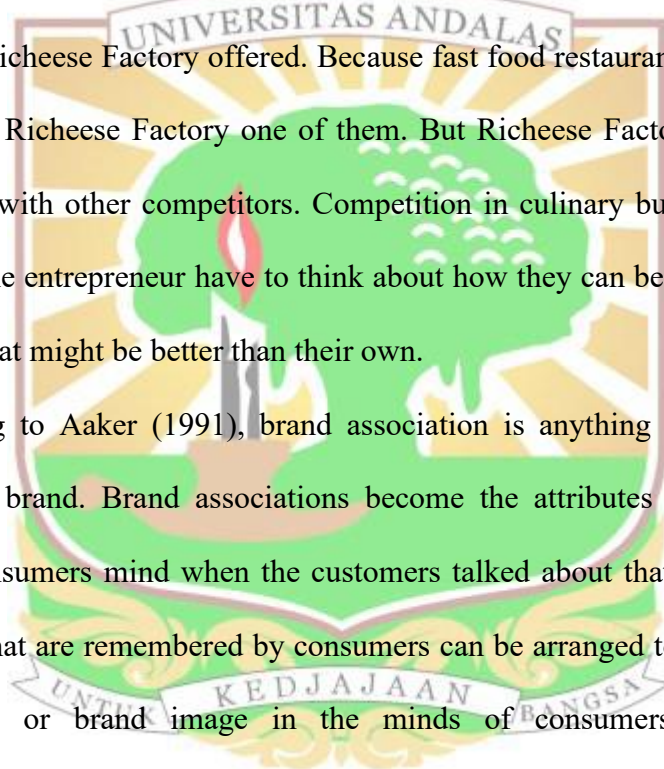
According to SWA Online Magazine (2016), a survey conducted by MasterCard in the context of Consumer Purchasing Priorities states that when choosing where to eat, Indonesians prefer casual dining such as fast food outlets (80 %), food court (61%) and middle class restaurants/cafes (22 %). The results of this survey are based on interviews with 8,698 respondents (aged 18-64 years) in 17 countries in Asia Pacific, where 410 respondents came from Indonesia. The results of the study are considered in line with the trends of the culinary industry in Indonesia, which presents a variety of unique and delicious food menus and provides a variety of attractive offers that increasingly add to the interest of consumers to eat out more often.

One of fast food restaurant that have strong brand in Indonesia is Richeese Factory. Richeese Factory is a quick service restaurant (QSR) that all menus are served with cheese sauce. Richeese Factory was first present in Indonesia on February 8, 2011, at Paris Van Java Mall, Bandung City, West Java. Along with the growing outlets, Richeese Factory is now present in major cities in Indonesia with a total of 133 outlets throughout Indonesia in 2018 and will continue to grow in the coming year. Richeese Factory has become a fast food that are popular in

Indonesia. Richeese Factory won an award in 2018 as a Bronze Medal winner in the 2018 WOW Brand for the category of Fast Food Restaurant in Indonesia (www.richeeseefactory.com, 2019).

Last year, Richeese Factory outlet are open and operational in Padang City that has two outlets located in A.Yani street and Transmart Shopping Center at the first floor. When Richeese Factory opened and introduce the product into people or customers in Padang, people really enthusiastic and long queues to get the product that Richeese Factory offered. Because fast food restaurant mostly offered fried chicken, Richeese Factory one of them. But Richeese Factory has different fried chicken with other competitors. Competition in culinary business is getting tougher and the entrepreneur have to think about how they can be survive to other competitors that might be better than their own.

According to Aaker (1991), brand association is anything that linked in a memory to a brand. Brand associations become the attributes of brand which come into consumers mind when the customers talked about that brand. Various associations that are remembered by consumers can be arranged to form an image of the brand or brand image in the minds of consumers. The specific characteristics from Richeese Factory is a fried chicken but the top 3 main menu are Richicken, Hot & Spicy Chicken and Fire Chicken (IndieFood, 2019). For the non-product related is a service at Richeese Factory. Richeese Factory provides a comfortable place for anyone who wants to eat on-site. With comfortable lighting and a comfortable atmosphere and supported by the availability of free Wi-Fi access services, making customers want to linger there. When we order Richeese



Factory food at its outlets, the queues are orderly, no need to wait too long. Richeese Factory is open 24 hours a day.

While benefits denote customers' perceptions related to the value of the product and the expected outcomes. All of the menus at Richeese Factory are served with cheese sauce. The most popular menu is Combo Fire Chicken. Because all food is served with cheese sauce, fried chicken mixed with barbecue gives a spicy sensation and becomes its own satisfaction for customers.

And the last one is brand attitudes refer to "consumers' overall evaluation about the brand. There were 44 respondents answered questions in the forum named Beautynesia about food at Richeese Factory. There are 34 respondents who stated that chicken in Richeese Factory is very tasty and delicious because it is different from other chicken served with barbecue and cheese sauce. Especially for those who love spicy food, they must try Combo Fire Chicken level 3 to 5 because it's perfect combination between the cheese and the spiciness of the chicken. Menu of Combo Fire Chicken highly recommended for spicy food lovers and also suitable for people who want to challenge themselves to eat spicy food with cheese sauce. The rest stated that chicken in Richeese was mediocre, only won in cheese sauce. Overall, the food and beverages that Richeese Factory offered is delicious, the consumers definitely like it (Beautynesia, 2018).

There was phenomenon last year, the trend or food challenge eating very spicy food, for example eating spicy noodle namely samyang and also combine it with Richeese Factory fire chicken wings level 5. This link becomes stronger when it is based on a consumer's frequent experiences with a specific brand

(Ergin, Ozdemir, Ozsacmaci, 2006). A brand can influence if the consumer notice the products or not. Moreover branding can influence how consumer quickly buys the product (Sotayo and Owa, 2015). Besides of top 3 main menu, Richeese Factory also offered Snack and Dessert, and menu Kids Meal for children. In menu Snack and Dessert, there are Cookies and Cream Cake in a Cup, Milk Chocolate Cake in a Cup, Tiramisu Cake in a Cup, french fries, Pink Lava ice cream cone, Richoco ice cream cone and BBQ potato wedges.

Perceived quality refers to the consumer's judgement of the excellence or the global superiority of a product or of a service (Souki and Filho, 2008). In additional, the perceived quality is an abstract construct that presents differences in relation to the objective quality of a product or service. Performance of service providers, features of facilities, and style and design of indoor and outdoor settings could differentiate customers perception of Richeese Factory's service quality from competitors. Given that consumers may have desires to experience restaurant fast food and services, those restaurants that satisfy such needs may be perceived as having better service quality than others do. In other words, customers' of Richeese Factory perception, developed from one's overall evaluation of service performance, facilities, and physical settings design and style of restaurant, might be highly associated with customers' perception of quality of that restaurant. Conformation quality is interpretation of what customer need. So, Richeese Factory offered food and beverage for people who like to eat spicy and combine it together with cheese sauce.

For the features, in the restaurants there are toilet, musholla for muslim, free wifi, plugs on each table and hand washing area. The reliability of the food and beverage from day to day is almost the same, the taste is delicious but sometimes the chicken feels hard and is hard to eat too. But, Richeese Factory have food safety management system ISO 22000 certified generally show their commitment to food safety (www.richeesefactory.com). The durability of the products it can hold for one day and after that time the taste is bad or different. The services at Richeese Factory is good because the staff is friendly and fast manner so it does not require a long time to get the foods and also at the restaurant, after we order food, we are told to sit for a while then if the food is ready it will be called according to the queue number. For the style and design at Richeese restaurant they design in modern model, very instagramable because on the wall there are display that have quotes cheese. The tables and the chairs itself are good because they using wood that is design very comfortably. The layout that the store used is free-form layout.

The atmosphere is made of intangible elements that related to the physical such as music, aroma, color, lights and so on according to Aboiron and Aubin (2016). Store atmosphere according to Meldarianda and Lisan (2010) is status affection and cognition that can be understand by customer in a shop, even though they may not really realized in shopping time. Store atmosphere is also very important to pay attention to in building a business because with the convenience in the atmosphere of the store, customers will automatically enjoy every corner of the room so that it will attract customers to come back to the store. With the

creation of a store atmosphere that is comfortable, attractive and clean, the customers will feel at home for a long time in the store and will affect the customer's buying interest. While according to Aisah & Wahyono (2018), store atmosphere refers to the store's physical characteristics are used to develop an image and to draw customers", it means that the atmosphere of a cafe is a physical characteristic used to build an impression to attract the customers.

According to Levy and Weitz (2012), store atmosphere have variables such as music, lighting, color, and scent. Store atmosphere toward Richeese Factory is the music rhythm makes comfortable but sometimes the speaker or volume are too loud. The music that they play can vary everyday like pop song and cover song. The scent of Richeese Factory encourage to purchase and makes to revisit because the smell of the cheese sauce. The lightning are fine and bright and good color of lightning makes things more visible and attractive to customers. And the last one for the color at Richeese Factory were outdoor buildings from Richeese Factory are white with a little black paint and gray, inside the building the same color are white, black, gray and also additional brown like wood to add a sweet impression and as people know for the logo that Richeese Factory have is Red and Yellow.

With many companies that are open a business in Padang, specifically the fried chicken or fast food company, peoples can choose or make a purchase decision on which product they want to consume. This research is conducted in order to study the effects of brand association, perceived quality and store atmosphere on purchase decision.

Based on the description of the background that have been outlined above, researcher interested in conducting research with the heading **“The Effects of Brand Association, Perceived Quality, and Store Atmosphere toward Purchase Decision (Case Study on Richeese Factory in Padang)”**

1.2 Problem Statement

Based on that background of the research the problem statement of this research are:

1. How does the brand association affect purchase decision?
2. How does the perceived quality affect purchase decision?
3. How does the store atmosphere affect purchase decision?

1.3 Objectives of the Research

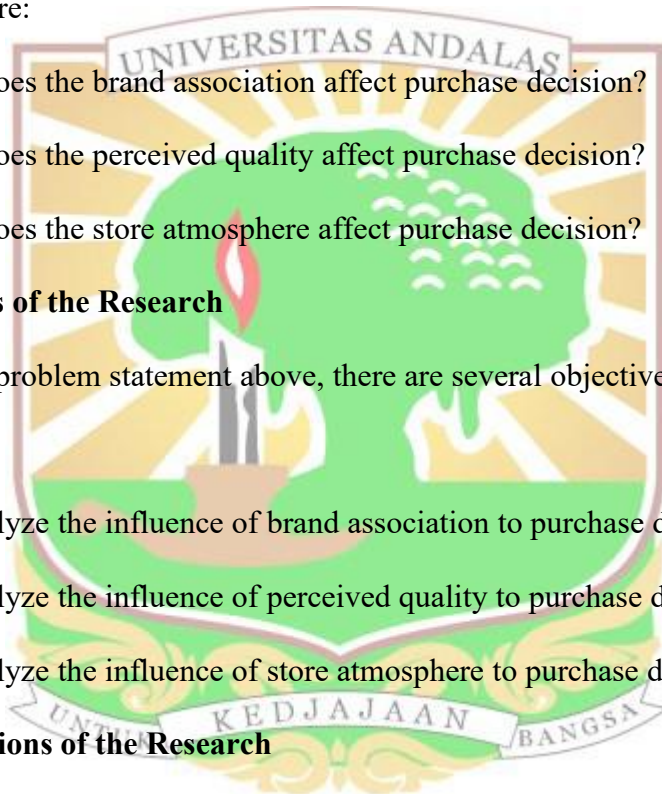
Based on problem statement above, there are several objectives of this research:

1. To analyze the influence of brand association to purchase decision.
2. To analyze the influence of perceived quality to purchase decision.
3. To analyze the influence of store atmosphere to purchase decision.

1.4 Contributions of the Research

1. For Company

This study is expected to be considered for companies as an evaluation material and input for the company specifically with the effect of brand association, perceived quality, and store atmosphere.



2. For Academic Contribution

The result of this research can be reference for future student who are interested in investigating in the same topic.

1.5 Scope of the Research

The object of this research is the consumer of Richeese Factory in Padang. This research is based on four variables where the brand association, perceived quality and store atmosphere are independent variables and purchase decision are dependent variable and this research is give information about the variables that can improve the consumer purchase decision of Richeese Factory.

1.6 Outline of Research

In this research the researcher will describe this research into five chapter which consist into several sub chapter as follows:

CHAPTER I : INTRODUCTION

In this first chapter is containing about background of the research, problem statement, objective of the research, contribution of the research, and scope of research.

CHAPTER II : LITERATURE REVIEW

In this second chapter is containing about descriptions of theoretical variables that include the theories that support the variables, the development of hypothesis and previous research and framework.



CHAPTER III : RESEARCH METHOD

In this chapter explained about research methods consisting of research design, population and sample, data collecting method, operational of variables, data processing, data analysis method and data analysis.

CHAPTER IV : RESULTS AND ANALYSIS

In this chapter is explained about the result of the analyzing the effect of brand association, perceived quality, and store atmosphere toward purchase decision for Richeese Factory.

CHAPTER V : CONCLUSION, LIMITATION, AND RECOMMENDATION

In this last chapter the researcher will explain about conclusion of this research, suggestion of this research, limitation of the research, and recommendation for further research.

