

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Human needs and desires continue to grow and are not limited in line with the times. Humans are no longer able to meet their own needs and desires, so it is necessary to have an organization that can meet these human needs and desires. The business world continues to grow rapidly in line with the development of the era of globalization, this is indicated by the increasingly high level of competition in the business world in marketing products and services to consumers. Business people compete with each other in marketing the products they offer to meet the needs and desires of consumers.

According to Rahmat (2018) In general, currently consumers prefer products that are cheap but have good product quality, therefore in conditions of very high competition, companies must be able to understand and know consumer wants and needs and innovate to create positioning. Products properly and take advantage of the advantages that exist in the products offered. Companies that fail to understand the needs, wants, tastes and purchasing decision processes of consumers will experience marketing and sales failures. However, not all of them are looking for products with low prices. Food with a high price is also in great demand.

Currently in Indonesia is the season with food and beverage franchises. Almost every city has different types of franchise products. According to the *Kamus Besar Bahasa Indonesia* (KBBI), a franchise is cooperation in the field of business with profit-sharing following the agreement. In the Government Regulation of the Republic of Indonesia No.42 of 2007 concerning Franchise Article 1 that franchise is a special right owned by an individual or business entity to a business system with business characteristics in the context of marketing goods and or services that have been proven successful and can be utilized and used. By another party based on a franchise agreement. Franchising can also be interpreted as a form of business

cooperation between two or more people, in which the business owner or commonly called the franchisor grants the right in the form of the use of a logo, symbol, system, or other requirements to the franchisor or franchisee to be used as a guide in the business process.

In 2020, many franchise products began to start businesses in Bengkalis. One of them is the Candy Crepes franchise. Candy crepes grand opening since 2013 and in Bengkalis since February 8, 2020. One of the advantages of this candy crepes franchise is that there is no royalty fee or all sales profits become franchise owners, and there is no profit sharing. Candy crepes franchise Bengkalis is one of the long-lasting franchise businesses in Bengkalis compared to other franchise businesses such as Banana Rainbow, Chiclin Taiwan Street Snacks, Naak Thai Bun (Thai specialty bread), and N'nut pizza.

Price is one of the main factors for consumers in considering the decision to buy candy crepes. Lupiyoadi (2011) states that the price of a product is very significant in providing value to consumers to buy a product. The price is following the quality of the product, so consumers will be interested in buying the product because consumers are not always fixated on a low price. The effect of price is very important. From the consumer's point of view, price is often used as an indicator of value when the price is related to the perceived benefits of an item or service.

The tight price competition greatly affects the decision-making of every consumer who will buy a product. In this case, the price is very influential on the continuity of a company. According to Kotler (2012) If the price set by the company is following consumer expectations, then consumers will continue to use the product and do not stop making decisions about their purchase. The price of Candy Crepes itself ranges from IDR 15,000-IDR 18,000. Although it is quite high, because candy crepes is a unique and contemporary food among young people, customers from candy crepes come again to buy.

In addition to price, flavor, and location is also very influential in customer purchasing decisions. According to Njoto (2016) flavour has a significant influence on purchasing decisions. The flavor is an attribute food that include smell, texture, and taaste. The flavor is a problem for food technologists when developing new

products, meeting consumer needs, and controlling them during processing and storage. Candy crepes have 17 different flavors. Although the flavor variants of these candy crepes have similarities with sweet martabak and crispy fried bananas with various flavors, there are still many fans of candy crepes and it can be seen from the Instagram story of candy crepes Bengkalis.

Another factor that determines a customer's purchase decision is a strategic marketing location. Location is a very important factor in the retail mix, choosing the right and strategic location in an outlet or store will be more successful than other outlets that are less strategically located. According to Hidayat (2014), the right location is the capital to achieve the goal, on the other hand choosing the wrong location will hinder all business movements so that which will limit the ability to earn profits. Choosing a business located close to the target market is one of the business strategies. In addition, it can make it easier for consumers to consume the given business products. In addition to proximity to the target market, the availability of adequate infrastructure also needs to be considered in choosing a business location. Candy Crepes Franchise Bengkalis has a very strategic location. In addition to being in the city center, Candy Crepes opened a booth with attractive banner in front of one of the cafes that has been busy with visitors since 2017, which is "BikinBetah Cafe".

Based on the background that has been described above, hereby author take the initiative to conduct a research with the title **“The Influence of prices flavors and location towards consumers purchase decision of Candy Crepes Franchise”**

## **1.2 Formulation of the Problem**

Based on the background above, the writer will identify the following problems:

1. What the influence and how much the influence of price toward customer purchase decision for Candy Crepes?
2. What the influence and how much the influence of flavor toward customer purchase decision for Candy Crepes?
3. What the influence and how much the influence of location toward customer purchase decision for Candy Crepes?
4. What the influence and how much the influence of price, flavor, and location toward customer purchase decision for Candy Crepes?

## **1.3 Purpose of Study**

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

1. To determine the influence and how much the influence of price toward customer purchase decision Candy Crepes
2. To determine the influence and how much the influence of flavor toward customer purchase decision Candy Crepes
3. To determine the influence and how much the influence of location toward customer purchase decision Candy Crepes
4. To determine the influence and how much the influence of price, flavor, and location toward customer purchase decision for Candy Crepes

## **1.4 Significance of the Study**

Each research is carried out to obtain useful benefit for all parties concerned. The benefit expected by the author in conducting this research include the following:

1. Benefits for Business Owners

As a consideration so that the product under study can be developed better according to customer tastes or satisfaction and increase efficient competitive advantage to attract customer interest.

2. Benefits for International Business Administration Study Program

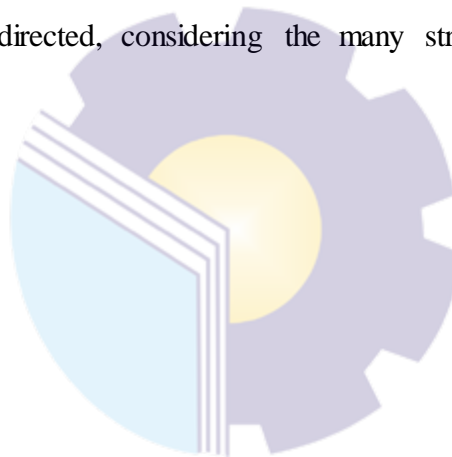
The research that the author has done is expected to be a useful bibliography in the study program which one day will be used for academic purposes.

3. Benefits for Author

To add knowledge and insight about marketing management, especially for franchise business products, and to find out what factors influence customer purchase decisions to buy something.

**1.5 Scope and Limitation of the Problem**

Based on the background of the problem that has been described, the author can identify that this research is only limited to three factors, namely the price, flavor, and location on the Candy Crepes. So that this research can be carried out more focused and directed, considering the many street food and franchise in Bengkalis.



## **1.6 Writing System**

In order for the writing of this proposal report to be systematic and neatly arranged, a systematic report writing is needed. The following is the systematics of writing a proposal report:

### **CHAPTER 1 : INTRODUCTION**

In chapter 1 explains the background of the study, formulation of the problem, purpose of the study, significance of the study, scope and limitation of the study, and writing system.

### **CHAPTER 2 : LITERATURE REVIEW**

In chapter 2, it explains the related study and the theoretical basis that will be used in completing the research.

### **CHAPTER 3 : RESEARCH METHODOLOGY**

In chapter 3 will explain the location, time, and object of the study, types and sources of data, population and samples, sampling technique, data collection techniques, data processing techniques, measurement scale, test of validity and reliability, data analysis methods, research hypothesis, research model, type of the study, concept definition and operational variable, schedules and budgets study.

### **CHAPTER 4 : RESULT AND DECISION**

In chapter 4 will explain the result, discussion, and limitation of the study.

### **CHAPTER 5 : CONCLUSION AND SUGGESTION**

In chapter 5, we will explain the conclusions and suggestions from the research conducted.