

CHAPTER I INTRODUCTION

1.1 Introduction

This research investigates the effects of brand image, price, product quality, and discount promotions on consumer loyalty at KFC Roxy Jember. According to various academics, studying consumer loyalty is critical for understanding consumer preferences and developing efficient marketing strategies. Consumer loyalty is an important component for organisations because it reflects basic human wants to belong, support, feel secure, and form emotional bonds. The goal of this study is to determine how brand image, pricing, product quality, and discount promotions affect consumer loyalty at KFC Roxy Jember. The study focuses on essential factors such as brand image, price, product quality, discount promotions, and consumer loyalty. The variables to be examined in this study are brand image, product price, product quality, discount promotions, and consumer loyalty to KFC Roxy Jember. Understanding how brand image, price, product quality, and discount promotions affect consumer loyalty at KFC Roxy Jember can help management build more successful marketing tactics and sustain a loyal customer base. Fostering consumer loyalty is critical for organisations because it meets basic human needs while driving long-term success.

1.2 Background Of The Study

Consumer loyalty is a critical component of corporate success, particularly in the increasingly competitive fast-food market. In this study, brand image, price, product quality, and discount promotions will be assessed to determine their impact on consumer loyalty at KFC Roxy Jember. A thorough grasp of the impact of these aspects can help management design efficient marketing strategies and retain a loyal consumer base. In recent years, KFC's meaning has shifted among customers, and it is now seen not only as a location to eat quick food, but also as a place to unwind and socialise. KFC has evolved into an informal gathering place for friends and family, as well as a site for other social activities. This shift in perception reflects modern customers' evolving lifestyles and needs.

In Jember, the fast-food business has grown considerably in recent years. Fast-food restaurants have tailored their models and services to meet the demands of local customers. In addition to wonderful quick cuisine, they offer a relaxing and engaging setting for customers to socialise. The KFC restaurant Roxy Jember is located in East Java Province, specifically in the Jember region. The restaurant's address is Jl. Gajah Mada in Kaliwates, Jember. This establishment provides a variety of fastfood products and beverages. The rates are reasonable, and the menus are rather diverse, making it ideal for dining with friends and partners. KFC Roxy Jember also provides drive-thru and delivery options for those who want to eat their meals at home or elsewhere.

A high level of consumer loyalty to KFC Roxy Jember can positively effect brand image, price, food quality, and discount promotions. Loyal customers have a positive opinion of the KFC brand image, are more willing to pay the prices offered, value consistent product quality, and respond positively to discount promotions. This might lead to a positive cycle for KFC Roxy Jember by retaining and increasing customer loyalty.

KFC has become an integral element of the current consumer culture in urban locations such as Roxy Jember. This fast-food restaurant not only serves wonderful food, but it also creates a relaxing and communal atmosphere. KFC has evolved into a gathering place for teenagers, families, and other social groups, reflecting the shifting lifestyles and requirements of dynamic consumers.

According to Hurriyati (2010, p. 126), Consumer loyalty reflects basic human demands for security, connection, and emotional attachment. Hermawan (2003:126) (cited in Hurriyati, 2010, p. 126) argues that consumer loyalty is crucial for businesses because it meets basic human needs such as security, belonging, and emotional attachment. Keller (2009:47) brand image is defined as: 1) views of a brand as expressed by brand connections in consumer memory. 2) The way people conceptualise a brand in their brains, even when they are not directly involved with the product. With this thorough research backdrop, the introduction paints a clear picture of the context and significance of this study,

which investigates the impact of brand image, price, product quality, and discount promotions on consumer loyalty at KFC Roxy Jember.

1.3 Statement Of The Problem

Increasing globalisation and present global progress have limited the diversity of people's cultures, traditions, and foods around the world. Globalisation has become a prominent phenomenon in contemporary society, with a considerable impact on the economy. (Khoirunisa Wahida, 2023). The globalisation process also plays an essential impact in the growth of fastfood outlets from other cultures. Globalisation has fueled the expansion of the fastfood restaurant business as a whole, including well-known brands like Pizza Hut, McDonald's, KFC, and A&W, which have infiltrated nearly every city. The rapid rise of this market has resulted in strong competition among these companies, which are striving with each other to win consumer preferences (Djayapranata, 2022).

Purchasing decisions are a key component of consumer behaviour. Consumer purchasing decisions are the phases that consumers employ to purchase goods and services (Moenir, 2008). Acquiring choices are a problem-solving strategy to human activities in obtaining items or administrations to satisfy their inclinations and prerequisites, which comprises of perceiving needs and wants, looking for data, assessing acquiring options, acquiring choices, and post-purchase conduct (Dharmmesta, 2011). According to (Keller, 2023) consumer purchasing decisions for goods are greatly influenced by price, product, service, company/store location. Meanwhile, according to (Nasution, 2019) the factors that influence purchasing decisions are the strategic location of the seller, good service, the ability of the sales force, advertising (promotion) and classification of goods. According to (Melia Purwita Sari, 2020) variables that impact customer behavior in making buys are natural impacts, person contrasts & impacts, and mental forms. By knowing what components can impact buyer acquiring choices, companies must be responsive to what must be tired arrange to preserve the company's survival and gotten to be champs within the tight competition, since

customers will be progressively specific in making buys. Based on information from the 2023 Beat Brand Grant, KFC experienced a decrease in position to runner-up after McD. KFC experienced a decay in brand for 3 continuous a long time, or anormal of 28.3% lower than McD, specifically 30.96%. The issue of customer dependability is impacted by the taking after variables based on interviews with buyers: benefit quality by 60cause great benefit can make customers feel comfortable and cheerful to be at KFC. Buyer fulfillment is 30cause buyers trust that the quality given by KFC is in understanding with what customers have paid for, specifically the quality of the nourishment and benefit encounter at KFC eateries with less rehash buys. The presence of solid competition from other brands within the quick nourishment industry decreases buyer loyalty by diminishing believe within the KFC brand. Where buyers discover superior esteem or quality somewhere else, In the interim, markdown promos are not an imperative impact in expanding KFC buyer devotion, particularly at KFC Roxy Jember.

1.4 Research Objective

The purpose of this research is to examine whether there is a significant influence between the independent variables, which in this case are brand image, price, quality of product, and discount promo, on the dependent variable, which in this case is consumer loyalty to KFC Roxy Jember.

Some of the specific objectives of this research are:

1. To determine the influence of brand images on consumer loyalty at KFC Roxy Jember.
2. To analyze how the quality of the product influences the purchase decision.
3. Evaluate effective pricing strategies to build customer loyalty.
4. To recommend promotional discount strategies to increase customer loyalty at KFC.

1.5 Research Question

The research question can be a guide for researchers to carry out this research so that they can find accurate answers according to the research objectives. The problem formulation in this research is as follows:

1. Does the KFC Roxy Jember brand image have a significant influence on consumer loyalty?
2. Does the price of KFC Roxy Jember products have a significant influence on consumer loyalty?
3. Does the quality of KFC Roxy Jember products have a significant influence on consumer loyalty?
4. Does the KFC Roxy Jember discount promo have a significant influence on consumer loyalty?

1.6 Significance Of The Study

Several previous studies have found significant relationships between brand image and KFC consumer loyalty. After testing the hypothesis, the findings revealed a significant relationship between brand image and KFC consumer loyalty (Ivana Azahra Rismadian, 2021). Aside from that, relevant research revealed a strong link between product quality and positive KFC consumer loyalty. However, the author believes that additional factors can influence consumer loyalty at KFC Roxy Jember. As a result, several factors have been included in this study that can influence consumer loyalty at KFC Roxy Jember, such as the impact of price and promotional discounts on consumer loyalty. It is believed that these two variables must be tested together in order to obtain accurate results regarding the influence of the independent factors on the dependent factors.

1.7 Definition Of Term

The definition of terms in this research regards to the customer loyalty, brand image, price, product quality, and discount promotions.

1. Consumer loyalty: is a deeply held commitment to repurchase or re-patronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999).
2. Brand image: is the perceptions and beliefs held by consumers, as reflected in the associations stored in their memory. Brand image is a mental representation of a brand in the minds of customers, formed by the combination of their experiences, beliefs, attitudes, and impressions about the brand (THABRONI, 2022).
3. Price: is the amount of money charged for a product or service, or the sum of the values that consumers trade for the benefits of owning or utilising the product or service (Philip Kotler, 2017).
4. Product quality: can be described as the degree to which a product meets design and performance standards, satisfies client needs, and is free of defects (Garvin, 1984).
5. Discount promotion: is a direct reduction in price for purchases during a specified period of time or at a given place (Keller K. a., 2016).

1.8 Chapter Summary

According to the report, KFC Roxy Jember customers must be at least 18 years old. This study does not limit the gender of the respondents, hence the findings are expected to be accurate. According to our observations, KFC Roxy Jember received an average of 152 visitors. It is also hoped that the goal of this research will be utilised as a guideline for restaurant management, so that if shortcomings are discovered in the service offered, modifications can be made to improve the service to consumers.