

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, hospitality industry has become the trend in business world especially in food and beverages industry. Many people start to think about how to open a food and beverages business. However, not all people know how to run this business. The most important thing to achieve is customer satisfaction. Once customers are satisfied with the products, it will effect the sales and revenue. The other important things are about their food quality and service quality that can affect customer satisfaction.

The development of restaurant business in Indonesia especially in Medan City is currently very fast. This can be seen in the numbers of restaurants that keep on increasing in Medan. Wisma Benteng Restaurant Medan is a Chinese seafood restaurant that has already existed many years ago with their various types of food. With the huge layout of their building, they have four kinds of building with different types of seating capacity.

Restaurant is one of the business that always exist whenever the globalization era comes. The restaurant world is more than glitz and glamour. It's truly a business that must be concerned on it otherwise won't succeed. In restaurant business, we are producing a product (food) from raw materials (ingredients) and selling it to a customer. Besides that, many other rivals that have

already existed. To keep it smoothly, we must do better than the other rivals or we'll be out of business (Garvey, et.al, 2019 : 10).

In most expansive cities, the eatery industry is amazingly competitive. Industry information propose that 40 percent of eateries fall flat inside one year of opening for trade. Eatery owners and their representatives may mislead their exertion attempting to pull in modern clients when more prominent budgetary rewards can be picked up at a lower cost by holding existing clients. Finding unused clients isn't simple, particularly when an undertaking is unused and has no reputation. Building a strong base of loyal customers often may be a surefire formula for victory. The view from the restaurant's picture windows is in fact amazing. The eatery equipment (stylistic layout, seating, porcelain, cutlery and silverware) is moment to none (Hunt and Ivergard, 2015 : 50).

Every restaurant represents a concept and projects a total impression or image. The image appeals to certain a market : children, romantics, people celebrating special occasions, fun types, people seeking a formal or a casual venue. The concept should fit the location and reach out to appeal to its target market. In planning a restaurant concept, location, menu, and decor should intertwine. When a concept and image lose appeal, they must be modified or even changed completely (Walker, 2017 : 56).

Many restaurants lack clear-cut concepts. The symbols, furnishings, service, and all of those things that make up the atmosphere of a restaurant are not integrated into an image that is projected for everyone to see. Logos (identifying symbols), signs, uniforms, menus, and decor should fit together into a whole that

comes across to the public as a well-defined image. Concepts can be purposefully ambiguous, but most restaurants are made more visible psychologically if they project a theme, a character, and a purpose. A concept is strengthened if it immediately establishes an identity, one that is vivid, easily remembered, and has a favorable ring (Walker, 2017 : 57).

The first impression of the restaurant is important. The overall interior design of a restaurant is one of the first physical aspects of a catering operation that a customer will come into contact with. Potential customers passing by may like the look of the establishment and decide to come and eat there; customers who have actually planned to eat in restaurant and like what they see when they enter, will feel pleased with their choice of restaurant (Davis, et.al, 2018 : 31).

Successful restaurants take steps to know their customers want in the products they consume. On the other hand struggling companies have often lost sight of customers as the driving force behind all business activity. Such companies waste resources by designing products that customers do not want. Sometimes, they ignore customer reactions to existing products or companies fail to keep up with changing customer preferences (Ebert and Griffin, 2017 : 256).

When customer decided to buy some products or services, there are many factors that can influenced customer to buy. One of the factors is location and the design (interior and exterior of the restaurant). The influence of these factors can take place before customer goes to the location of the purchase or can even change when customer are dealing directly with the desired goods and services.

Besides concerning about our food quality and services, when operating restaurant business we must pay attention on our design and layout of our building. Physical evidence as the one factor that must be focused on. That include about the design from inside building (furnishing, light, layout, table setting, cleanliness, atmosphere and overall interior appearance) and outside building (layout of the building, parking space, colour/paint, surrounding environment/location and overall exterior appearance).

Physical evidence is the appearance of the environment in which the service is delivered and where the firm and customer interact, and any tangible commodity that facilitates performance or communication of the service. The appearance of physical evidence is the combined effect of the exterior appearance (outside building, external signage, parking, color/paint, surrounding environment/location and overall exterior appearance), interior appearance (noise, furnishing, internal signage, interior light, layout, frontline office setting, cleanliness, temperature, air quality and overall interior appearance) and other tangibles (website, employee dress, leaflets, network, display banners and gifts to the customers).

The atmosphere of a restaurant is influenced by numerous diverse angles of the operation. They include the decor and interior design of the restaurant, the table and seating courses of action, the benefit backups, the dress and attitude of the staff, the tempo of service, the age, dress and sex of the other customers, the sound levels in the restaurant, whether music is played, the temperature and the

generally cleanliness of the environment and the professionalism of the staff (Davis, et.al, 2018 : 32).

The most important things when we open a business is customer satisfaction. Many people starts to compete each other to open the business that can be accepted by customer. Customer as one of the determining point to show the business is good or not. Many people believe that some business being successful if many people love their products. But sometimes it might be that simple way.

Customer satisfaction can be achieved if the customer feels happy between their expectations and the feelings they feel after getting product or service offered. Customer satisfaction also will only be reached if a business is able to provide products or services that are able to fulfill customers' needs and desires. The problem that arising from business culinary is almost the same between one and another.

Customer satisfaction is a very important step in forming loyalty but it needs to be known that satisfied customers will not necessarily be loyal customers. Because basically people have a curiosity and try something new. Although satisfaction for a customer has been achived and is very satisfied with the quality of the product / service, but it is not absolutely a guarantee customers will be loyal and it turns out there are still many who also move to the other brands.

Wisma Benteng Restaurant Medan can also be categorized as an old fashioned restaurant that can still survive facing other fashionable restaurant in

Medan City. This restaurant mainly focused on wedding celebration that have a huge of seating capacity. Based on people's opinion, the problems in Wisma Benteng Restaurant Medan are parking and architecture. The customers of Wisma Benteng Restaurant Medan keep complaining about the parking space is not enough and the architecture is old fashioned. This can be seen from the comments in Trip Advisor and Google Reviews, mostly people say that the parking space in Wisma Benteng Restaurant is not enough when they have wedding events, other people also say that parking in Wisma Benteng Restaurant is nightmare and for the architecture, people say that the architecture in Wisma Benteng Restaurant is too old fashioned and need a renovation.

Today, Wisma Benteng Restaurant has undergone renovation. They change a lot in their physical evidence which they already built more parking space in the back of their building, their interior and exterior design also have been renovated. Therefore, the researcher is interested to find out if physical evidence of the renovated restaurant has any influence towards customer satisfaction.

From the description above, it encourages the researcher to do this skripsi with the title "**The Influence of Physical Evidence in Service Marketing towards Customer Satisfaction in Wisma Benteng Restaurant Medan**".

1.2 Problem Limitation

This research is conducted with the guests of Wisma Benteng Restaurant that is located at Kapten Maulana Lubis Street No.6 Medan with the range of age

between 17 years old until 55 years old who have been to the Wisma Benteng Restaurant. Questionnaires are distributed for more or less within 1 month period.

1.3 Problem Formulation

Based on the observation that is done by the researcher at Wisma Benteng Restaurant Medan, the researcher finds several problems being faced, which are:

1. Does the physical evidence influence customer satisfaction in Wisma Benteng Restaurant Medan?
2. How significant does the physical evidence influence customer satisfaction in Wisma Benteng Restaurant Medan?

1.4 Objective of the Research

The objectives of the research are as follow:

1. To find the influence of physical evidence on customer satisfaction in Wisma Benteng Restaurant Medan.
2. To show how significant the influence between physical evidence towards customer satisfaction in Wisma Benteng Restaurant Medan.

1.5 Benefit of the Research

There are some benefits that can be taken from this research, which are:

1.5.1 Theoretical Benefit

The theoretical benefits from this research are as follow:

1. The results of this research are expected to be an information for those who are attracted to know more about physical evidence and how it can effect the customer satisfaction.
2. The research can help the researcher to understand about further information and theories that are taught in university and the reality in the working environment
3. To be the reference for future researchers who do a research with the same topic.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follows:

1. To give recommendations to Wisma Benteng Restaurant in improving their physical evidence towards customer satisfaction.
2. To give recommendations to Wisma Benteng Restaurant in maintaining the physical evidence which will result in customer satisfaction.