

# CHAPTER I

## INTRODUCTION

### 1.1. Background of Study

Economic growth in Indonesia has shown a significant growth since 2015, this condition points a positive impact to the community income. Medan, as one of the four central cities in Indonesia, also having a constant economic growth for the past few years, which brings positive outcome in business opportunities. Based on the industry sector, highest economic growth rate in Medan City was achieved by three business fields, specifically Information and Communication with 8.92%, Accommodation and Food Services Activities with 7.92% and Construction Activities with 7.62% (Badan Pusat Statistik Kota Medan, 2020). This indicates there is a higher chance of people's purchasing power in those business fields which makes food services is one of the promising business sectors with good prospects.

Food service business includes food and beverage service activities in providing complete meals to customers for immediate consumption whether in permanent or temporary stands (Badan Pusat Statistik, 2020). The development of food and beverage industry in Indonesia is always following to trends which mean it follows the global perspective to develop tourism activities at a destination.

In following today's urban lifestyle and current trends, hospitality industry has taken a huge interest in visibility appeals putting aside the real physiological needs, including food and beverage industry. Restaurant is not only the place to satisfy customer needs for food, but also the place to hang out with friends. Customers, nowadays, are willing to pay more to have a better meal environment. A pleasant and innovative restaurant atmosphere is necessary in representing variable factor that takes essential effect on customers purchase decision. Moreover, design and layout also significant in positioning the restaurant, as well as affecting its business performance.

In terms of marketing mix, there are marketing activities that are needed on setting service organization such as restaurant: price, product, place, promotion, people, process, and physical environment (Gursoy et al. 2018, p. 26). Physical environment refers to both tangible (i.e., external appearance and internal layout), and intangible features (i.e., ambiance or atmosphere) of a hospitality business is offering.

Restaurant's physical environment is an important element to be perceived by customers as first impression upon entering a restaurant. Customers' intention to dine out at a restaurant is not specific to fulfill their physiological needs, but also to form memorable experience, to socialize with others for leisure or formal events such as meeting business partners. In this way, restaurants are facing new challenges as in creating new experiences and more intense feelings for customers. As a measurement for physical environment of upscale restaurant, Tuzunkan and Albayrak (2016) used six dimensions of atmospherics in the dining area, or the dine scape,

included: facility aesthetics, lighting, ambience, layout, table setting, and service staff.

Customer purchase decision is triggered by needs and demands where consumer shows likelihood in buying a particular product or service. In food and beverage industry, the purchase decision can be affected by satisfaction from previous experience that meet to customer's expectation which reflects to the intention for purchasing. Restaurant atmospheres create specific identity in terms of interior or more specifically the physical environment by creating a creative, unique, and exclusive atmospherics to meet the needs of guests. This aspect acts as a tool that affects customer purchase decision and their intention on making the process. Additionally, it forms the bases of marketing strategies for every company to gain competitive advantages in today's market.

The research "The Impact of Theme Restaurant Servicescape on Consumer's Value and Purchase Intention" of Anggraeni et al. (2020) shows that servicescape of a restaurant (cleanliness, music, scent, temperature, lighting, color, and display) is a very important factor in relation to increase customer's purchasing intention. Restaurants need to present attractive and convenient servicescape for consumers to ensure the appropriate level of emotion and behavior arousal triggered by its physical environment. This can be achieved by continual observations and evaluations such as maintaining the appeal of servicescape in terms of cleanliness, even paying attention to the choice of music being played in service areas.

Sushi Mentai Medan (寿司明太) is a Japanese cuisine franchise restaurant from Malaysia which entered Indonesia under the management of PT. Izumida Sukses Berjaya. The name of Sushi Mentai came from Mentaiko, which is a high in demand household Japanese fish roe dish that lightly flavored with sauce. Sushi Mentai Group has over 50 outlets across Malaysia, and currently 3 outlets in Indonesia. Sushi Mentai Medan is located at Jl. DR. Cipto No. 2, Anggrung, Kec. Medan Polonia, Kota Medan. This restaurant entered the market of Medan City's food and beverage industry at the end of 2019, which can be categorized as a new chain restaurant to Medan's market. Being a franchise brand, Sushi Mentai Medan has followed the standard from Sushi Mentai Group agreed upon architect and interior design plans to attract Indonesian customers.

Based on the author's experience as a frequent customer, Sushi Mentai Medan's restaurant atmospherics has well-designed facility aesthetics, good lighting level and ambience conditions, nicely arranged table setting, and adequate service staff.

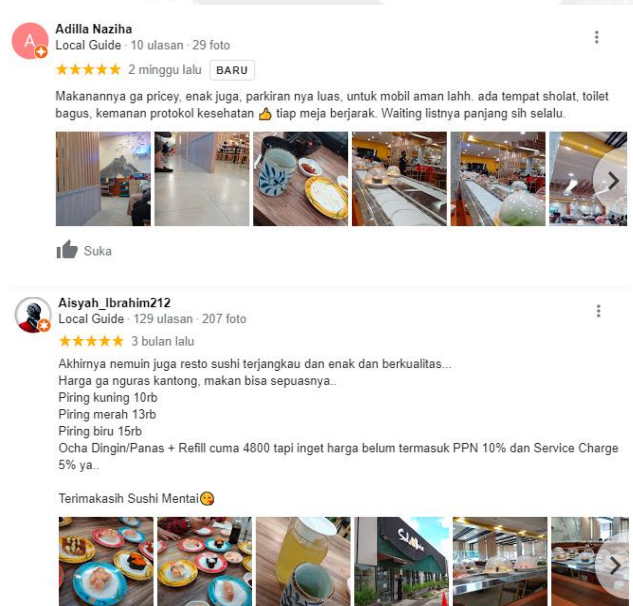
However, in the first experience dining there, author was overwhelmed to find the toilet's location and need to walk quite far from where author was dining. This is because Sushi Mentai Medan has a connecting conveyer belt that allows each of their table to take sushi within customer's reach.



**Figure 1.1 Sushi Mentai Medan Restaurant Atmosphere**

Source: Prepared by Author (2021)

Google Reviews also mentioned Sushi Mentai Medan as Japanese restaurant with stunning atmosphere and for serving affordable price menus which gained popularity the restaurant. The figure below is some of the comments given by customers.



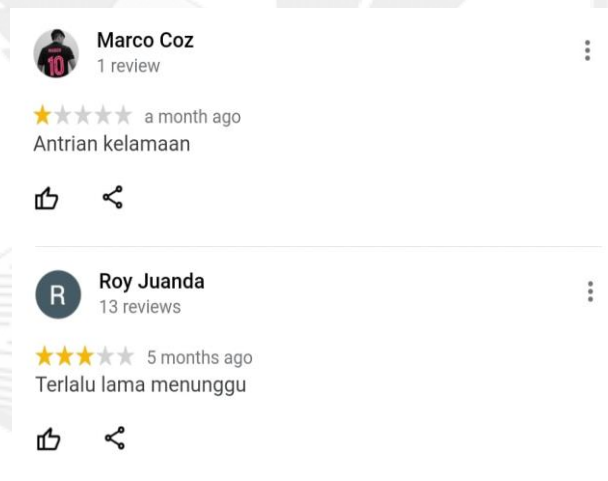
**Figure 1.2 Example of Sushi Mentai Medan's Review for Atmosphere and Price**

Source: Prepared by Author (2021)



Given that the restaurant is offering cheap price menus, it has a lot of demand that causes long queues in which affecting the restaurant. Moreover, the seating capacity is cut into half from what it should have covered due to COVID-19 safety protocol for social distancing. This leads the management facing minor difficulties in layout accessibility such as the misleading restaurant flow to traffic in counter payment that may hinder new customer into getting in the restaurant.

According to author's interview to customers who visited the restaurant, they commented the restaurant layout has caused inconvenience in doing payments as there are long queues in counter. This is supported by Google Reviews showing that other customers complained about the same issue.



**Figure 1.3 Example of Sushi Mentai Medan's Review for Queues**  
Source: Prepared by Author (2021)

Based on author's personal experience, interviews, and customers' feedback on the internet, the author is interested to find whether customer purchase decision is affected by Sushi Mentai Medan's restaurant atmospherics. Taking in account that the restaurant is offering menu in a

low price, the restaurant concept is to present Japanese delicacies with modern and casual backdrop to customers.

From the descriptions above, the author is encouraged in conducting this research with proposed title: “**Effects of Restaurant Atmosphere on Customer Purchase Decision to Dine-In at Sushi Mentai Medan**”.

## **1.2. Problem Limitations**

This research has potential limitations in time and cost, as it will take place in Sushi Mentai Medan using cross-sectional studies (i.e., constructs at a single point in time and uses of representative sample). On the other hand, the research will be analyzing two variables in specific: independent variables which are the restaurant’s atmosphere and dependent variable which is customer’s purchase decision. Moreover, the data collection in this method is limited to male and female consumers in Medan within the range of age from 18 – 60 years old and had ever visited as well as dining at Sushi Mentai Medan.

## **1.3. Problem Formulation**

Based on the description on the background of study above, the research questions in this study are:

1. How is the restaurant atmosphere at Sushi Mentai Medan?
2. How is the customer purchase decision at Sushi Mentai Medan?
3. Does restaurant atmosphere significantly effect on customer purchase decision to dine-in at Sushi Mentai Medan?

#### **1.4. Objective of Research**

The objectives of this research are as follows:

1. To examine restaurant atmosphere at Sushi Mentai Medan.
2. To examine customer purchase decision at Sushi Mentai Medan.
3. To examine the significant effect restaurant atmosphere on customer purchase decision to dine-in at Sushi Mentai Medan.

#### **1.5. Benefit of the Research**

##### **1.5.1. Theoretical Benefit**

This research is conducted to help readers to have a comprehend understanding from the variables discussed through this paper, including:

1. Having a deeper knowledge and support theories, especially in terms of business management that involves in the effects of a restaurant's physical environment towards customer purchase decision.
2. Providing sufficient additional information for others who are interested in conducting further research regarding this study.

##### **1.5.2. Practical Benefit**

In this aspect, this research can be useful for Sushi Mentai Medan as a measurement for the restaurant's development of marketing strategy and its operation management. In addition, it is applicable for any food and beverage industry's organization to find customer's needs and preferences. Since understanding this study can bring in significant benefits: restaurant's position and its business performance.