

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Business development is accelerating in the current era of globalization, owing to increased competition among businesses, despite the pandemic. Every business is now driven to provide the best possible service to its customers. People's lifestyles are increasing with the habit of buying food in restaurants to be more efficient and as a means of refreshing, for meeting with business associates, holding special events with family, relatives, girlfriends, and friends and others (Siagian et al., 2020). Besides, culinary or food is one of the basic human needs that must be met for survival.

After comparing the customer's impressions or expectations with the results acquired from a product, satisfaction is a feeling of happiness and disappointment (Kotler in Putra & Sulistyawati, 2018). If the customer is satisfied, the service provider and the customer will form an emotional bond. This factor is also a supporting factor in increasing customer satisfaction. Starting with the way in terms of communicating well, understand all the needs and customer expectations, also pay attention in the slightest (Mamesah, 2020).

According to Cristo et al. (2017) their research, it shows that simultaneous price, service quality and physical environment have a significant influence on customer satisfaction. Researchers tested that price, service quality, and physical

environment have a significant influence on customer satisfaction (Pane et al., 2018; Hartanto & Andreani, 2019; Hanaysha, 2016).

Warung Kopi Srikandi Cemara Asri, Medan as this research object, is a modern coffee shop that serves Sidikalang brewed coffee and is also known as a satay restaurant which offers various Indonesian specialities menus such as *lontong sayur*, chicken satay, fried chicken, *soto*, fried noodles, *martabak* and others. Besides that, the restaurant also offers vegetarian menu. Warung Kopi Srikandi, Medan was established in 2016 and they committed to providing the best service for customers. It is located at Komplek Cemara Asri Boulevard Timur street number 80 - 82. On the same street, several restaurants offer similar menus such as Kalasan, Habitat Coffee, and Fountain Ice Cream Cafe & Restaurant. Due to the presence of other restaurants on the same street, it is important for Warung Kopi Srikandi Cemara Asri, Medan to maintain a high level of customer satisfaction because satisfied consumers are more likely to become loyal customers and have a higher likelihood of returning. Besides, the number of Warung Kopi Srikandi Cemara Asri's customers has decreased in the last 6 months which is shown in the table below.

Table 1.1 Number of Customers at Warung Kopi Srikandi Cemara Asri, Medan

Month	Number of Customer	Percentage	
January	506		
February	476	5,93%	decrease
March	392	17,65%	decrease
April	363	7,40%	decrease
May	335	7,71%	decrease
June	291	13,13%	decrease

Source: Warung Kopi Srikandi Cemara Asri, Medan Report (2021)

It shows that there was a decrease in the number of customers. This might be caused by the disappointment of the customer that arises from the price, service quality, and physical environment. The reduction of the number of customers also might be affected by the pandemic COVID-19 scenario. In fact, not only the restaurant industry was impacted by the pandemic, but other industries such as hotels, travel, bridal and others were also impacted.

It is easy to obtain information thanks to technological advancements nowadays. Google, the world's most popular search engine, can supply any information, including ratings and reviews for restaurants. Warung Kopi Srikandi Cemara Asri, Medan has a 4.4-star rating on Google Reviews, with 754 reviews.

Table 1.2 Google Review Rating

Rating	Total	Percentage
1-star	19	2,52%
2-star	7	0,93%
3-star	62	8,22%
4-star	216	28,65%
5-star	450	59,68%
Total	754	100%

Source: Google review and prepared by the writer (2021)

Although many customers give high ratings, it is undeniable that some customers give low ratings. Based on that rating, there are eight unsatisfied comments on price, seven unsatisfied comments on service quality, and three unsatisfied comments on the physical environment. Therefore, the writer summarizes those comments to ten comments because several customers gave the same comment on the table below.

Table 1.3 Comments from the Customers about Warung Kopi Srikandi Cemara Asri, Medan

Numb.	Comments
1	Wi-Fi is always broken; the price is higher than average.
2	Requests for chicken parts are subject to additional fees... emm...
3	Quite expensive.
4	The food and drink menu is a lot but a bit expensive.
5	A comfortable place to hang out... unfortunately, the price is a bit expensive.
6	Bad service, waiting for too long. Some order is missing, waiters memorize order not taking notes. Requesting bills also takes ages. Bad, will not visit here again.
7	The waiter is not friendly at all. Especially the maidservant put on an unpleasant face all day long.
8	The place is quite comfortable and clean, the bathroom is small, there is only 1 toilet for men's toilet. The price of the food is relative, it is just that the taste of the food is too ordinary for the price. But it is quite worth it to eat here.
9	The waiter's face is annoying!! like being forced to work!! The rude parking attendant parked my car until it was close to the driver's door, so I did not enter. Even asked the parking attendant who also spoke in a rude tone. The workers there need to be rearranged. For a long time, customers are lazy to come there.
10	Bad. I am an online driver, I can order at this restaurant, but the service is not satisfactory. While waiting for the order to be ready, I offer the employee how to drink tea, hot or cold, sir? I replied that it was just warm but until my order was ready 45 minutes The tea that was offered did not come. Not that I expect, but do not offer if you cannot... If it is just tea, we can still buy it as a driver.

Source: Google review and prepared by the writer (2021)

Warung Kopi Srikandi Cemara Asri, Medan has been visited by the writer multiple times. The food and beverages were good but according to the writer's perspective, the writer concurs with the customers' comments above about the food could take longer to arrive at times.

Furthermore, the writer conducted a preliminary interview with some of Warung Kopi Srikandi Cemara Asri's customers. With all the answers collected, the writer concludes that most of them said the same thing about the service which is too slow. They need to wait for a long time to get their food. Some of them also stated that the cuisine was good, but it is quite expensive. Moreover, the yellowish interior lightning and the temperature is also being mentioned by some of the customers.

Based on the comments above, Warung Kopi Srikandi Cemara Asri, Medan has been doing well, yet there have been some critical comments about price, service quality, and physical environment. According to the writer, Warung Kopi Srikandi Cemara Asri, Medan will be able to gain higher customer satisfaction and compete with nearby eateries, by increasing their qualities. Therefore, the writer is eager to know the relationship of price, service quality, and physical environment on customer satisfaction. As a result, the title of this study is “**The Influence of Price, Service Quality, and Physical Environment on Customer Satisfaction at Warung Kopi Srikandi, Medan**”.

1.2 Problem Limitation

The writer of this research conducted concentrated and productive research by limit the scope to price, service quality, and physical environment on how it influences customer satisfaction. Given that customer happiness is directly related to intention to return, the dependent variable (Y) is customer satisfaction. The independent variables, on the other hand, are price (X_1), service quality(X_2), and physical environment (X_3).

The indicators to explain customer satisfaction (Y) in the context of hospitality as conveyed by Augustinus & Iona (2020) and referring to Kotler and Keller are interest in repurchasing, willingness to recommend, paying less attention to other brands or competitors, buying another product from the same company, and propose ideas of products and services to the company. While measuring price

(X_1), there are four indicators according to Kotler in Amilia & Nst (2017) namely price affordability, price match with product quality, price competitiveness, and price match with benefits. Service quality (X_2) will be measured by the following are five indicators of service quality, namely tangible, reliability, responsiveness, assurance, empathy (Parasuraman et al. in Harfika & Abdullah, 2017). While the physical environment (X_3) will be measured by DINESCAPE as a measuring tool. DINESCAPE consists of 6 scale factors that measure aspects of facility aesthetics, ambience, lighting, layout, table settings and service staff (Ryu & Jang in Wilianto et al., 2017).

To make the research more focused, this research will be conducted only focusing on Warung Kopi Srikandi Cemara Asri, Medan to discuss the problems found in writing this research.

1.3 Problem Formulation

Based on the title and background of the study above, the research questions of this research are as follows:

1. How is the price at Warung Kopi Srikandi, Medan?
2. How is the service quality at Warung Kopi Srikandi, Medan?
3. How is the physical environment at Warung Kopi Srikandi, Medan?
4. How is the condition of customer satisfaction at Warung Kopi Srikandi, Medan?
5. Is there an influence of price on customer satisfaction at Warung Kopi Srikandi, Medan?

6. Is there an influence of service quality on customer satisfaction at Warung Kopi Srikandi, Medan?
7. Is there an influence of physical environment on customer satisfaction at Warung Kopi Srikandi, Medan?
8. Is there any influence of price, service quality, and physical environment on customer satisfaction at Warung Kopi Srikandi, Medan?

1.4 Objective of the Research

To answer the problem formulation above, the objectives of this research are as follows:

1. To analyse the price at Warung Kopi Srikandi, Medan.
2. To analyse the service quality at Warung Kopi Srikandi, Medan.
3. To analyse the physical environment at Warung Kopi Srikandi, Medan.
4. To analyse the condition of customer satisfaction at Warung Kopi Srikandi, Medan.
5. To identify if there is an influence of price on customer satisfaction at Warung Kopi Srikandi, Medan.
6. To identify if there is an influence of service quality on customer satisfaction at Warung Kopi Srikandi, Medan.
7. To identify if there is an influence of physical environment on customer satisfaction at Warung Kopi Srikandi, Medan.
8. To know if there is an influence of price, service quality, and physical environment on customer satisfaction at Warung Kopi Srikandi, Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

Through this research, it is hoped to discover more about the impact of price, service quality, and physical environment on customer satisfaction in a restaurant. This study is also planned to provide readers and future researchers with further information about restaurant pricing, service quality, physical environment, and customer satisfaction.

Furthermore, it is expected that readers and future researchers can gain knowledge about restaurant pricing, service quality, physical environment, and customer satisfaction.

1.5.2 Practical Benefit

As it contains data, this research may provide information for Warung Kopi Srikandi Cemara Asri, Medan that may be used as feedback on price, service quality, and physical environment aspects. As a result, it may assist Warung Kopi Srikandi Cemara Asri, Medan in improving customer satisfaction in the future.

Moreover, this study may be used as a reference and guideline by other researchers to gain a better knowledge of the influence of price, service quality, and physical environment on consumer satisfaction.