

CHAPTER I

INTRODUCTION

1.1 Background of the Study

According to Ezizwita and Sukma (2021), the Corona Virus has spread rapidly to all countries in the world since the first infection which happened in Wuhan City at the end of December 2019. This virus has killed a large number of individuals; In Indonesia alone, 88,214 people have tested positive for the virus with 4,239 death cases. Various nations have instituted social distance or physical distancing measures, as well as lockdowns, to prevent the spread of this illness. Physical separation was also established by the Indonesian government, which was eventually expanded to *PSBB (Pembatasan Sosial Berskala Besar)*.

The culinary business is one of the industries that has been severely impacted. Many culinary enterprises throughout the world have been forced to close temporarily or possibly go out of business. According to Santia (2020), the food and beverage (F&B) business was the most suffering industry with the presence of this Corona Virus. In addition to that, Burhan (2020) mentioned further that the culinary industry had a 37 percent drop in daily revenue, the fashion retail sector saw a 35 percent drop, and the beauty service sector saw a 43 percent drop.

According to Wicaksono & Kusuma (2021), Customer Satisfaction may be achieved by high service quality resulting in a harmonious connection between the company and the customer. The proper technique in satisfying every dream and hope is service excellence, maximum value, and price that is appropriate.

According to Cristo et al. (2017), one of the most essential factors in sales is price. Many businesses fail as a result of predetermined prices that do not reflect market conditions. Aside from pricing, the amount of customer satisfaction is influenced by the quality of service.

As stated in Akram (2017), service is an intangible commodity provided by a service-providers to a client in exchange for money in order to gain a satisfying experience. In essence, service quality refers to how well a non-tangible product meets a customer's requirements, preferences, and service expectations. Any action or advantage that the first party can provide to another that is fundamentally intangible and therefore does not lead with in owning of something" is what service means.

According to Ramya et al. (2019), the capacity of a service provider to please customers effectively so that he may improve company performance is referred to as quality of services. Increased customer satisfaction is not only caused by quality good service, but the price is also a factor in increasing satisfaction among consumers and increased sales within the company.

Moreover, Damayanti et al. (2020) mentioned that all tangible and intangible components both inside and outside the restaurant make up the physical environment. To improve the physical atmosphere of a restaurant, significant investments in interior design, decorations, layouts, and other accessories are required, as these costs are critical in attracting consumers.

Bengawan Seafood Restaurant Medan, as this research object, is one of the restaurants that are quite famous in the city of Medan, especially for those who live in the Cemara Area. They must know this restaurant has often become a hangout place

for family gatherings. At Bengawan Seafood Restaurant, various types of food and drinks are available, especially their seafood specialty. This food is served at affordable prices and of course in a place that is so comfortable that people can hang out or even have a quality time with their family. Thus, Bengawan Seafood is no wonder a branch of Wisma Bengawan Tanjung Balai which has been running for decades.

Bengawan Seafood Restaurant is located at Jl. Cemara Komplek Grand Cemara Asri 8U – 8V, Medan. As we know today, many people are starting to open new restaurants with various nuances and types of unique food and drinks. Therefore, Bengawan Seafood Restaurant must make sure that the restaurant has a characteristic both in terms of service and also a comfortable restaurant atmosphere so that it can satisfy every customer who visits the restaurant.

Bengawan Seafood Restaurants must have an orderly management system, especially in today's era, social media management is also very important because Social Media Management will help the owner of the restaurants to interact and be closer to consumers. It can also control brand reputation better through social media. It can exercise control by monitoring comments and feedback from others for the restaurants.

In today's modern era we are very easy to get information through the internet, just like if we want to visit a place where we have never visited before, then we simply search social media such as Instagram and also through the google website where if we search for the name of Bengawan Seafood Restaurant then various information will appear from the location, pictures, and even feedback

from people who have visited the Bengawan Seafood Restaurant and there is also a rating.

Table 1.1 Total Number of Transactions at Bengawan Seafood Restaurant Medan

Month	Year	
	2020	2021
January	280	298
February	277	283
March	272	280
April	269	262
May	265	287
June	275	270
July	273	269
August	270	275
September	266	260
October	268	288
November	280	271
December	305	310

Source: Prepared by the writer (Bengawan Seafood Restaurant, 2022)

As shown in the table above, the number of transactions at Bengawan Seafood Restaurant Medan has shown that in some months, there are a lot of transactions happening but somehow there is also a decreasing number of transactions. The number of transactions in 2020 is much lower because it is the first year of operation for Bengawan Seafood Restaurant. Besides, the existence of Covid-19 has made this restaurant suffer to operate their restaurant.

However, in 2021, this restaurant has experienced a better operation even though it is still in the pandemic era. The reason may be that everybody was getting used to this era and started to live their new-normal life resulting in more and more people getting more courage to go outside and dine in at the restaurant. Because of that, the number of transactions is getting better in 2021.

Table 1.2 Customer Negative Reviews at Bengawan Seafood Restaurant

Date	Review
January 2021	Worst seafood restaurant I've ever been to. Very bad service. Order the package menu with grouper. The menu ordered does not match what is served. The grouper cooked Tom Yam that was ordered, the sweet and sour grouper came out. Slow cooking. Until the meal was almost finished, the grouper had not yet finished, the meatball soup had not yet come out.
March 2021	The service is slow, with lots of mosquitoes, but the food is affordable. Lackof service, there are 5 types of chili sauce, but only 3 are given, after being asked, then they give the chili sauce.
June 2021	Food is normal and cheap but when you look inside the kitchen the staff do not wear a shirt (hygiene for all staff) the place is also not that clean. Service was ok but no return for me.
July 2021	Waiting too long.
November 2021	The price still does not follow the taste.

Source: Prepared by the writer (Google Review, 2022)

Based on table 1.2, we can see that Bengawan Seafood Restaurant is still experiencing some problems in their service, such as delivering the wrong food, there being lots of mosquitoes which makes the customers feel uncomfortable when they are in the restaurant, and the customers are also waiting for too long. In other words, the service at Bengawan restaurant is quite leisurely. For this reason, the restaurant must improve its service by conducting training or conducting a briefing before the restaurant operates.

Table 1.3 Price Comparison Between Bengawan Seafood and Marco Seafood

NO	Item	Bengawan Seafood	Marco Seafood	Unit
1	Kepiting Jantan	IDR 32,000	IDR 40,000	Ons
2	Kepiting Betina	IDR 42,000	IDR 45,000	Ons
3	Ikan Aji-Aji	IDR 18,000	IDR 14,000	Ons
4	Ikan Gerapu	IDR 19,000	IDR 14,000	Ons
5	Udang Mentega	IDR 70,000	IDR 60,000	Portion

Source: Prepared by the writer

Based on the writer's observation of the price at the Bengawan restaurant, several menus are quite expensive, and hard to compete with other restaurants, and it can be concluded that the prices at Bengawan Seafood Restaurant are not affordable, apart from the affordability of prices from the other side

according to the writer, although the prices at Bengawan Seafood Restaurant are not very affordable, the price paid is worth the taste in terms of taste, and the food is quite satisfying. For service itself, it is sometimes quite long, especially during holidays and when it is busy, the service from the restaurant is long, as a result of the crowded conditions of the restaurant, therefore the employees at the restaurant cannot fully serve customers. In terms of the atmosphere at Bengawan Seafood Restaurant, it is not too comfortable when people are eating because mosquitoes are bothering the customers. apart from that the position between one table and another is quite close so it is difficult to move freely when the restaurant is busy.

From the writer's point of view, among comments from customers who have visited Bengawan Seafood Restaurant, most of them gave quite negative comments about the Price, Service Quality, and Physical Environment. As the result, the title of this study is **“The Influence of Price, Service Quality and Physical Environment on Bengawan Seafood Restaurant, Medan”**.

1.2 Problem Limitation

In order to focus and do effective research, the writer of this research will limit the variables to Price, Service Quality, Physical Environment, and how they affect Customer Satisfaction at Bengawan Seafood Restaurant. The dependent variable (Y) is Customer Satisfaction meanwhile the independent variables are Price (X1), Service Quality (X2), and the restaurant's Physical Environment (X3).

These variables are selected to give influence Customer Satisfaction at Bengawan Seafood Restaurant, Medan.

Following Kotler (2008) in Siregar and Fadillah (2018), Price (X1) will be measured with the indicators of affordability, quality service at a reasonable price, price competitiveness, benefits, and price match. The Service Quality (X2), will be measured with Tangibility, Reliability, Responsiveness, Assurance, and also Empathy (Wicaksono and Kusuma, 2021). Meanwhile, the restaurant's Physical Environment (X3) will be measured with Architectural design, ambient, lighting, layout, and employee as cited in Mulyono et al (2021). The indicators to measure Customer Satisfaction (Y) in Farida (2016) are interest in purchasing, willingness to recommend the company to others, paying less attention to other brands (competitors), purchasing other items from the same company, proposing product, and service concept to the company.

1.3 Problem Formulation

Based on the background of the study above, the research questions formulated in this research are as follows:

- a. Does Price have a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan?
- b. Does Service Quality have a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan?
- c. Does Physical Environment have a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan?

- d. Do Price, Service Quality, and Physical Environment have a simultaneous influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan?

1.4 The objective of the Research

The research objectives are as follows:

- a. To describe whether Price has a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan.
- b. To assess whether Service Quality has a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan.
- c. To analyze whether Physical Environment has a partial influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan.
- d. To investigate whether price, service quality and physical environment have a simultaneous influence on Customer Satisfaction at Bengawan Seafood Restaurant, Medan.

1.5 The benefit of the Research

1.5.1 Theoretical Benefit

Through this research, it is hoped that it can provide a better understanding of the development of the influence of Price, Service Quality, and Physical Environment on Customer Satisfaction. The results of this research are also expected to contribute to existing theories relevant to the topic.

1.5.2 Practical Benefit

The following are the practical benefits of this research:

a. For the Writer

Through this research, it is hoped that it will give new knowledge and also a new experience in the hospitality industry, especially in the restaurants' industry. The writer may learn how price, service quality, and physical environment are important to the restaurant.

b. For Bengawan Seafood Restaurant, Medan

Through this research, it is hoped that it can become a basis for the restaurants to evaluate their performance maybe like train their employee, keep observing what should be improved and creating a new menu with affordable prices so that can compete with other seafood restaurants and also the restaurants leaders such as owner or manager can realize the vision and mission of the restaurants so they can keep improving with good performance result.

c. For Other Researchers

The results of this research are also expected to contribute to existing theories relevant to the topic and it is hoped that it will provide a reference for deepening or studying in this field.