

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

According to Hartanto and Andreani (2019) The increasingly advanced economy in Indonesia is currently changing the consumptive pattern of the Indonesian people, which are classified as high and low purchasing power. The Indonesian economy experienced an increase in the global economy that occurred in 2017 by 3.6% which is predicted to continue to increase in 2018.

According to Fahleti (2018) Customer orientation is a key success factor in the modern world of marketing. Business people must be really responsive to observe the phenomena that occur. Basically, fulfilling and satisfying consumers is a duty and obligation for producers. Thus, every businessman must understand the needs and desires of consumers for the survival of the business itself. The development of the service sector, which is currently growing quite rapidly, brings changes to people's lifestyles which of course will have an impact on increasing the level of people's life needs for services. Companies engaged in services must really look for innovative ways to increase competitive advantage so that companies can maintain long-term relationships with consumers. Knowing all forms of needs from consumers is important in order to remain competitive in controlling market share. This means that companies must place consumers as valuable assets for the company because consumers are supporters of the company's success, especially in the service sector.

According to Stefen and Efendi (2018) in the current era of globalization, the world must have a clear mission to bring its business in a better direction and be prepared for various changes in the uncertain environmental situation, needs, and expectations of society. There are many currents of globalization that must be reviewed by the restaurant, cafe and food and beverage industry. If the business world does not follow the flow of globalization, it will be left far behind among increasingly competitive competitors.

The restaurant or cafe industry is a problem that is vulnerable to customer satisfaction factors. Currently, especially in the city of Medan which is usually referred as a culinary city, many restaurants or cafes have been established that offer various menu choices. It is important for business people to compete in various ways such as improving service quality and providing a comfortable physical environment to make customers feel comfortable and create customer satisfaction.

According to Stefen and Efendi (2018), the quality of service is very important for a restaurant or cafe because the quality of service can affect the pattern of subsequent consumer behavior. Therefore, the company strives to continuously improve and maintain the quality of their services to their customers. Companies need to understand what is needed by their customers so that the needs of these consumers can be met according to their expectations or even exceed their expectations. Thus, consumers will feel satisfied and create an intention for consumers to come back to the restaurant.

One of the factors that can promote competitiveness for business people is the physical environment. Usually customers look for cafes that are not just ordinary cafes, but customers are looking for a comfortable cafe that can be used as a gathering place with family and friends. Physical environmental factors of a cafe can be measured through characteristics, interior and exterior design, room arrangement and symbols. The cafe is a place to hang out for all people where the place must be a comfortable place as well as the cafe must provide various facilities that are expected to satisfy customers with the cafe.

Customer satisfaction is also a driving factor and the success of a business. However, nowadays consumers choose satisfying service, where the main things that must be owned by employees are responsiveness, empathy, assurance and form. With this, of course, the customer will feel themselves served with friendliness and will certainly feel appreciated. Likewise, with the physical environment that can make customers comfortable. In essence, the service quality and the physical environment of a restaurant can provide satisfaction for consumers which then creates consumer loyalty. This will certainly have an impact on the sustainability of the restaurant itself and lead the company to achieve a competitive advantage (Stefen and Efendi, 2018).

One of the cafe businesses that is developing in the city of Medan is Zeribowl - Asia Mega Mas Branch. Zeribowl is a cafe that sells Taiwanese desserts and food. Zeribowl established since 2014 but at that time still by online operational, then in 2015 they had their first branch located at Komplek Asia Mega Mas CC 23, Medan.

The restaurant is open from Monday to Sunday from 10am to 10pm. Zeribowl has a vision and mission to open 200 outlets spread throughout Indonesia.

**Table 1.1**  
**The Nine Medan Dessert Outlets Recommended by Makanmana**

<b>Outlets' Name</b>	<b>Address</b>
<i>Zeribowl</i>	<i>Jl. Asia Indah, Sukaramai II, Medan</i>
<i>Macehat Coffee</i>	<i>Jl. Karo No. 20, Medan</i>
<i>Es Campur Amo</i>	<i>Jl. Sei Kera No. 117i, Medan</i>
<i>Es Campur Bang Iwan Methodist</i>	<i>Jl. Hang Tuah No. 4, Medan</i>
<i>Es Campur &amp; Jus Alpokat Nana</i>	<i>Jl. Brig Jend Katamso, Kampung Baru, Medan</i>
<i>Es Krim Ria</i>	<i>Jl. Surabaya No. 28/22c, Medan</i>
<i>Pokat Kocok Barokah</i>	<i>Jl. HM Joni, Medan</i>
<i>Pokat Kocok Buk Iyah</i>	<i>Jl. KL Yos Sudarson No. 21K, Medan</i>
<i>Es Campur Tin Tin Pasar Rame</i>	<i>Komp Pasar Rame, Medan</i>

Source: Ardisa (2021)

From the table 1.1 above, there are several places to cool down from the sunny weather, MakanMana has summarized several Medan desserts outlets that are quite famous from those that are able to evoke nostalgia to those that are contemporary. Based on the table above, one of the recommended desserts that is able to survive in the market today is Zeribowl - Asia Mega Mas Branch, Medan which has become a favorite place for residents of Medan and outside the city to buy various types of desserts, foods, snacks, and beverages.

**Table 1.2 Number of transactions at Zeribowl - Asia Mega Mas Branch, Medan**

<b>Months</b>	<b>2020</b>	<b>Percentage</b>		<b>2021</b>	<b>Percentage</b>	
January	650	-		421	15.66%	increase
February	628	-3.38%	decrease	415	-1.43%	decrease
March	574	-8.59%	decrease	410	-1.2%	decrease
April	553	-3.65%	decrease	352	-14.15%	decrease
May	488	-11.75%	decrease	348	-1.14%	decrease
June	503	3.07%	increase	358	2.87%	increase
July	394	-27.63%	decrease	339	-0.88%	decrease
August	371	-5.83%	decrease	314	-7.37%	decrease
September	326	-12.12%	decrease	312	-0.63%	decrease
October	278	-14.72%	decrease	305	-2.24%	decrease
November	265	-4.67%	decrease	294	-3.6%	decrease
December	364	37.36%	increase	307	4.42%	increase

Source: Prepared by the writer (2022)

From the tables above, namely tables 1.2, it can be seen that the number of customers is decreasing from month to month within two years. This can happen because customers feel dissatisfied with the service quality and also the unsatisfactory physical environment. In June and December, both months have customers who have increased by a few percent, maybe because this month is a high season month where the majority of children are off school, so parents may also invite their children to go enjoy dessert at Zeribowl Asia Mega Mas Branch, Medan. But still from the table there is more decrease than increase, things that can reduce the number of customers can also be caused by the ongoing Covid-19 pandemic. The impact of Covid-19 does not only occur in the restaurant industry, but also harms various industries ranging from the hospitality, tourism, bridal and other industries.

In this very sophisticated era, all information is already on the internet, so we just search on google and everything is listed in it, one of which is information on Zeribowl - Asia Mega Mas Branch, Medan which has 619 google reviews within 2018 to 2021 range of time with a 4.4-star rating. The table below is a review from Google regarding service quality and physical environment from Zeribowl - Asia Mega Mas Branch, Medan.

**Table 1.3 Customers' Negative Reviews**

<b>Month, Year</b>	<b>Complaint Reviews</b>
January, 2018	The place is small, sometimes the AC is turned on sometimes not. But the desserts are delicious.
January, 2018	Difficult to find the location
January, 2019	Narrow location.
January, 2019	The dessert is tasty. But the place is small.
January, 2020	Wonder why at Asia Mega Mas Branch took so long to work on takeaway orders.
January, 2021	The service is slow for me who wants to take home, even though I am paying the same. Preferably eat on the spot.
January, 2021	The service was not satisfactory, I was told to wait too long and when I called, it was rarely being picked, the employee was very arrogant.
January, 2021	Employees were playing, the order waits for 40 minutes when only two online orders. Unprofessional. Fire the employees.
May, 2021	Employees are all impolite and arrogant, swallowing the queue.
December, 2021	Too slow.

Source: Prepared by the writer (google reviews, 2022)

From table 1.3 above, to stay afloat, Zeribowl - Asia Mega Mas Branch, Medan must change its strategy, for example by re-evaluating with employees whether they have served well and in accordance with services standards in general. Must set a fixed time so that customers do not wait for their food too long. Providing more facilities for customers, one of which is by providing more seats. The company must always be consistent with all things, for example, for employees to be consistent in preparing customer food, not today is fast but tomorrow is too long, as well as consistency from food, not today the bubble feels soft and tomorrow feels hard, as well as the environment physical, not cold today but very hot tomorrow. This is done to maintain long-term relationships with customers to their satisfaction.

What is shown to the customer for a product or service will have an effect on satisfaction and subsequent behavior patterns after the customer makes a purchase. Like the buying processes at Zeribowl - Asia Mega Mas Branch, Medan if the customer is satisfied, then of course it becomes a great opportunity for the

customer to repurchase at Zeribowl - Asia Mega Mas Branch, Medan. Because basically if the customer is satisfied, the customer will give a good reference about Zeribowl - Asia Mega Mas Branch, Medan to his friends and family. Vice versa with customers who are dissatisfied with the service from Zeribowl - Asia Mega Mas Branch, Medan, then customers will say negative things and even customers will look for a cafe or other restaurant that is better than Zeribowl - Asia Mega Mas Branch, Medan where if the cafe can satisfy them, of course they will leave Zeribowl - Asia Mega Mas Branch, Medan. This process will continue continuously until customers feel satisfied by a cafe.

This research is directed to find out the actions of the Zeribowl - Asia Mega Mas Branch, Medan which is located in the Mega Mas area of Medan where several cafes have started to grow rapidly. The writer intends to review that Zeribowl - Asia Mega Mas Branch, Medan can compete with other culinary business players through the quality of services and also the physical environment presented to its customers to build customer satisfaction and in turn will increase the cafe's profits.

Based on the writer's observations of Zeribowl - Asia Mega Mas Branch, Medan, started with the service quality which the layout of the cafe was too narrow, employees were not respond to the writer complaints when there was a plastic inside my beverages, employees also did not help the writer when the writer have a difficulty in choosing the menu, eventhough there was having a promotion but the employees did not explain anything about it, employees also did not ask the writer whether the writer have an own comments about the food and beverages that have been served.

While there were another observations based on the physical environment which there was no outdoor areas, they also did not have an attractive decoration so that the writer felt nothing was interesting, the seating arrangement also not tidy so that the writer was confuse where to seat, the cafe was not that bright so it makes me sleepy, the dining table was also not totally cleaned because it was still sticky. Therefore, there are still many shortcomings that need to be considered again from the Zeribowl - Asia Mega Mas Branch, Medan to achieve customer satisfaction.

Based on this background, the writer wishes to conduct this research to examine more about service quality and physical environment in customer satisfaction. Therefore, the author takes the title "The **Influence of Service Quality and Physical Environment on Customer Satisfaction at Zeribowl - Asia Mega Mas Branch, Medan**"

## **1.2 Problem Limitation**

In order for this research to be more focused, the researchers limit it only to service quality and physical environment as independent variables and customer satisfaction as dependent variable. Researchers only focus on customers of Zeribowl - Asia Mega Mas Branch Medan, who have made at least two times purchases.

According to Lupiyoadi (2014) in Wibowati (2020) the indicators of service quality are tangibles, reliability, responsiveness, assurance and empathy. While according to Ryu and Jang (2007) in Wulansari and Haryanti (2021) the indicators

of physical environment are layout accessibility, facility aesthetics, seat comfort, electronic equipment, and facility cleanliness. According to Zahara et al., (2021) the indicators of customer satisfaction are overall customer satisfaction, confirmation of expectations, repurchase intention and willingness to recommend.

### **1.3 Problem Formulation**

Based on the background of research on the influence of service quality and physical environment on customer satisfaction at Zeribowl - Asia Mega Mas Branch Medan, the following research questions can be formulated:

- a. Does service quality partially influence customer satisfaction at Zeribowl -Asia Mega Mas Branch, Medan?
- b. Does physical environment partially influence customer satisfaction at Zeribowl - Asia Mega Mas Branch, Medan?
- c. Do service quality and physical environment simultaneously influence customer satisfaction at Zeribowl - Asia Mega Mas Branch, Medan?

### **1.4 Objective of the Research**

Based on the formulation of the problem above, the objectives of this study are as follows:

- a. To assess whether service quality partially influence on customer satisfaction at Zeribowl - Asia Mega Mas Branch, Medan.
- b. To analyze whether the physical environment partially influence on customer satisfaction at Zeribowl - Asia Mega Mas Branch, Medan.

- c. To investigate whether service quality and physical environment simultaneously influence on customer satisfaction at Zeribowl - Asia Mega Mas Branch, Medan.

## **1.5 Benefit of the Research**

According the objective and the problems found during the research, there are two benefits that can give advantages for the researcher, and for the Zeribowl's owner which are as follows:

### **1.5.1 Theoretical Benefit**

This research is expected to be a reference and can give a contribution of knowledge for everyone especially for other research who want to do a research related with these variables. The result is also expected to contribute some update existing relevant theories.

### **1.5.2 Practical Benefit**

The following are the practical benefits of this research:

- a. For the writer:

Thru this research, writer can apply those methods or knowledge gained during lectures, writer also gain experience in how to write a good and correct thesis at its best and know how to experience train to analyze existing problems and find solutions.

- b. For Zeribowl - Asia Mega Mas Branch, Medan

Managers can see the relationship between service quality and physical environment on customer satisfaction. Managers also can find out what variables

are the most powerful in shaping customer satisfaction where this research can provide input for the managers in the form of suggestions as well as consideration in making decisions.

c. For other researchers

This research can be used as a knowledge material for future writers who want to research a study and it could be a comparison and reference source for the field of study.

