

CHAPTER I

INTRODUCTION

1.1 Background of the Study

One of the sectors in Indonesia that has grown quickly since the Covid-19 pandemic hit in 2020 is the food and beverage industry. Many businesses fell down after the Covid-19 pandemic struck in 2020, but the food and beverage sector has recovered and is still expanding during the past two years. This is demonstrated by data from the first quarter of 2022, which showed positive growth of the food and beverage industry of 2.56 percent on a quarterly basis. The food and beverage business sector are expected to increase by 3.75 percent annually in the first quarter of 2022 (year over year). The following is data on the growth trend of the food and beverage industry from 2011 until 2022:

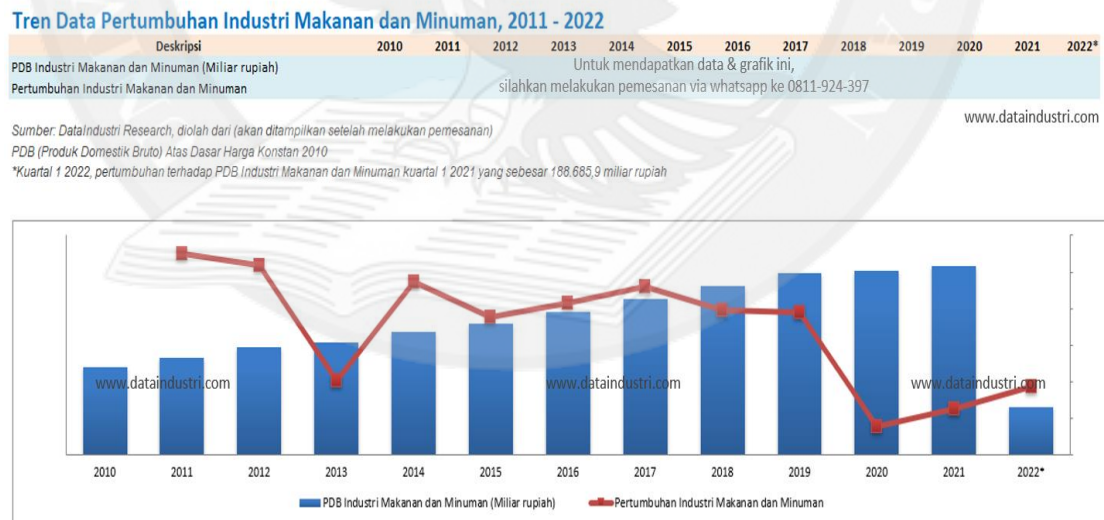


Figure 1.1 Growth trend of the food and beverage industry from 2011 until 2022
 Source: <https://www.dataindustri.com/produk/data-pertumbuhan-industri-makanan-dan-minuman/>

Although the statistics on the food and beverage industry's development trend appears to be encouraging, this is actually a little different from the data on growth in the restaurant, restaurant, and related businesses. This is evident in the first quarter of 2022, when the performance of the food and beverage business (restaurants, bars, and such) declined or shrank by minus 0.1 percent from quarter to quarter. However, the food and beverage industry sector (restaurants, bars, and the like) grew by 3.61 percent in the first quarter of 2022 compared to the annual performance (year over year), indicating that this positive growth performance can be said to continue the performance in 2021, which was also positive. Despite the fact that the policy of restricting activities to stop the spread of Covid-19 caused a significant decline in performance in 2020. The following is data on growth trends for restaurant, home restaurant, and related industries from 2011 until 2022:

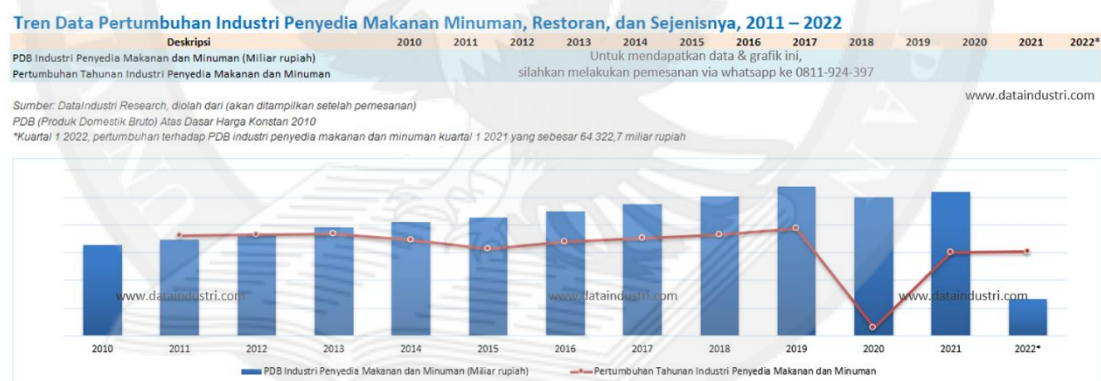


Figure 1.2 Growth trends for restaurant, home restaurant, and related industries from 2011 until 2022

Source: <https://www.dataindustri.com/produk/tren-data-pertumbuhan-industri-penyediaan-makanan-minuman-restoran-dan-sejenisnya/>

There are already many different forms of cuisine in Indonesia. From Indonesian food to international cuisine, there are many different types of cuisine in Indonesia. The number of culinary Indonesian archipelago is innumerable.

More than 5,300 genuine Indonesian cuisines have been identified. Unfortunately, unlike sushi from Japan or tom yam from Thailand, there has not yet been an Indonesian dish that has established itself as distinctive and is well known outside. However, foreign cuisines from places like Japan, Korea, Thailand, the United States, and others continue to influence and expand in Indonesia. Numerous factors undoubtedly have an impact on this, one of which being the way of life of Indonesians, who frequently adopt foreign lifestyle.

Today's youth and adults alike have a tendency to adopt the newest trends and lifestyles based on their environment. The movies that Indonesians watch are a significant impact in determining trends and lifestyles there. Since March 2020, the Covid-19 epidemic in Indonesia has compelled many to work from home. Some people decide how they want to spend their spare time based on the amount of time they have available. Many individuals in Indonesia choose to watch foreign films, anime, western movies, and Korean dramas (K-Dramas). This is further strengthened by the fact that streaming service platforms like Netflix, IQYI and Viu have recently been introduced, making it simpler for the public to access K-Drama, western movies, anime, and other international films.

A person's lifestyle is an overview of their behavior patterns and how they use products in their everyday lives based on their hobbies, activities, and attitudes that set them apart from one another. According to Kindra (1994), lifestyle is an exterior representation of people's wants, beliefs, and propensities to engage in socioeconomic and political life in their nation. Engel (1990) defined lifestyle as a way of living that includes how one spends their time and money. Engel contends that experience, social status, demography, and other factors

affect how one lives. Therefore, lifestyle is a secondary necessity of humans that might vary throughout time or in line with trends. One's habits and clothing represent their lifestyle. Depending on the social norm, a lifestyle can either be positive or negative, resulting in a good or terrible lifestyle.

New chances for business people to form enterprises in sectors that may adopt foreign cultures as the key to their marketing are undoubtedly created by the emergence of new lifestyles in Indonesia as a result of trend developments affected by cultures outside of Indonesia. Of course, one of them is the culinary industry's business sector. Due to trends and the aftermath of the epidemic, many Indonesians are drawn to various cultures, including Korean, Japanese, Western, and others. As a result, numerous new restaurants and cafés with Japanese, Korean, Thai, Western, and other themes are opening as a result of this momentum. Of course, this can give people in Indonesia a fresh environment by opening restaurants, cafes, and the like with foreign cultural themes. Naturally, restaurants and cafes that adopt Japanese, Korean, or other foreign cultures must be able to modify their environments so that they can create the same nuanced sensations as those in other nations. The capability to offer cozy physical environment or diverse food menus in accordance with international cultures embraced in their restaurants or cafes are unquestionably a crucial factor for business owners.

Physical environment is defined by Elina, Novita, and Ratna (2016) as physical environmental aspects that boost consumer interest in making purchases. The factors in issue are amenities, aesthetics, and table settings in order to draw customers' attention. The physical environment, according to Bitner (1992), is a

collection of services made up of three parts: the surrounding circumstances, the interior design, and the directional signs. A nice physical environment may produce favorable feelings, consumer intention, satisfaction, and customer loyalty to a restaurant, claim Ryu & Jang (2007). Furthermore, Wall & Berry (2007) underline that although decent working conditions and customer service are very important, food quality is the primary factor that affects a consumer's choice to buy. Here are some photos from Sushi Tei Delipark Medan:

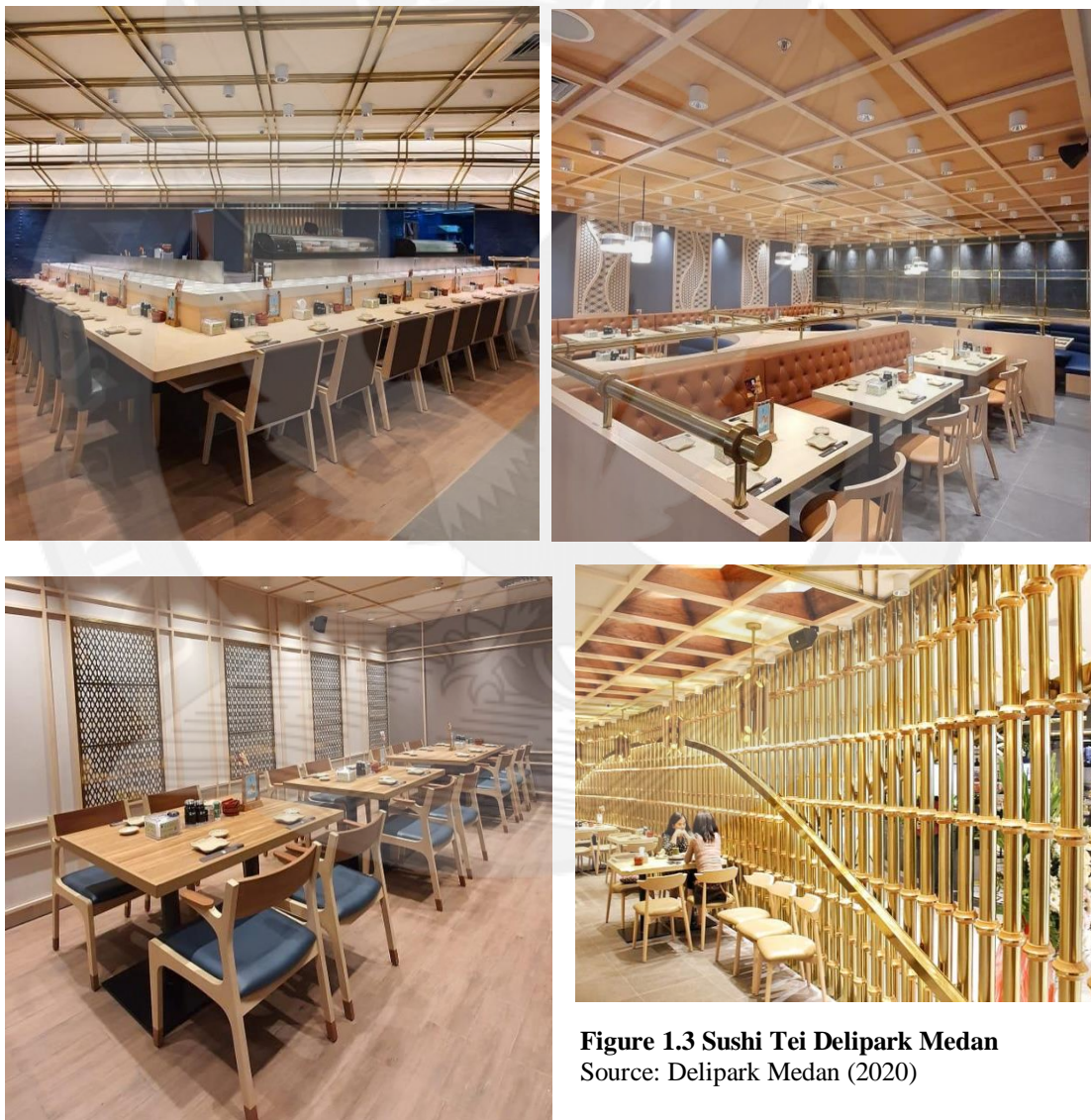


Figure 1.3 Sushi Tei Delipark Medan
Source: Delipark Medan (2020)

Kotler and Armstrong (2018) define product variety as the range of goods and services provided to customers by commercial actors. The menu will convey

what you have to offer, show the level of service you desire, and show the surroundings your visitors will encounter. Other aspects include lists of food products that it provides company owners depending on client requirements and expectations, as mentioned by Rosalin & Soetanto (2006). Typically, menus are created to fit the objectives of the company owner. Menus may act as a consumer base for food selections, according to Ozdemir & Caliskan (2013); well-designed menus can draw customers' attention to additional things for sale. Here are some photos from the menu available at Sushi Tei Delipark Medan:



Figure 1.4 Sushi Tei Delipark Medan
Source: Internal sources (2022)

Indonesia's highly competitive global food market is becoming more difficult every year. Japanese culinary menus like udon, sushi, ramen, or tempura, according to Setiono (2019), have its own market share and won't be overtaken in Indonesia by cuisines from Thailand, Korea, China, or Taiwan. As a result, the competition between Japanese-themed eateries, as well as the previously stated

lifestyle, physical environment, and variety of menus, will undoubtedly determine whether or not the customer will be satisfied when making a purchase at the restaurant and whether or not the customer will remain loyal to the Japanese restaurant they have tried.

Based on reviews and rating indicators for Japanese restaurants on two popular culinary sites (Zomato, and pergikuliner), many consumers are still dissatisfied with their dining experience, having problems with the variety of food taste, service, and atmosphere provided by a restaurant. Like the following example:

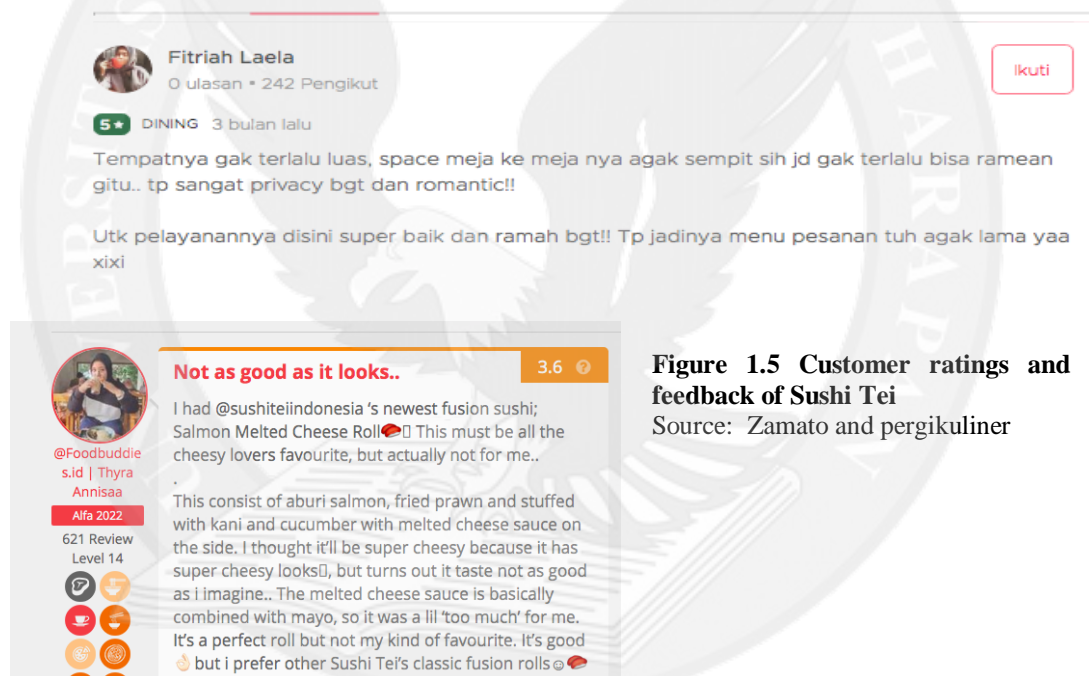


Figure 1.5 Customer ratings and feedback of Sushi Tei

Source: Zamato and pergikuliner

From one of the reviews from the Zamato website, in a review by Fitriah Laela it can be seen that during her visit to Sushi Tei, she experienced a lack of physical environment from Sushi Tei restaurant where she found Sushi Tei restaurant was not spacious enough and the space between tables was rather narrow so that if visiting with a large number of people is a bit difficult. Added

from one of the reviews from the official website of pergikuliner, in the review by Thyra Annisaa it can be seen that she has just tried the fusion sushi menu, namely the Salmon Melted Cheese Roll which Sushi Tei provides as a new menu, but the taste provided is not satisfying the customer's tongue because of the new menu. it can't compete with the classic Sushi Tei menu itself. Because of these two things, many consumers are not satisfied with the restaurant. Whereas the more competitors the restaurant should be able to provide satisfaction to its customers, so that they want to make repeat purchases at the restaurant and be loyal to the restaurant. Because basically in choosing a restaurant, consumers expect to get a positive experience. This is the same as stated by Canny (2014) in his research, namely that aspects such as food quality, service quality, and physical environment are significant predictors of customer satisfaction and behavioral interest in the future, which involves customers to revisit, recommend, and say positive things about the restaurant to others.

According to Kotler (2014), a response to a service is frequently a customer's level of satisfaction. Customer satisfaction, as defined by Zeithaml et al. (2006), is the degree to which a service lives up to the demands and expectations of the customer. Customer satisfaction refers to the reaction of customers who feel that their demands are being satisfied and an evaluation of whether a product's features, services, or the product itself are capable of meeting or exceeding consumer expectations.

Loyal consumers are those who regularly make purchases. Customers who are loyal and pleased with a company will gain from that relationship. Griffin (2002) asserts that "loyalty is defined as the purchase made via ongoing decision-

making over a significant period of time. Oliver (1996) asserts that customer loyalty refers to consumers' unwavering commitment to continue purchasing their chosen service items in the future, despite a variety of situational restrictions and marketing initiatives that may otherwise lead consumer behavior to change. Therefore, customer loyalty has an important role in a company, maintaining them means improving financial performance and maintaining the viability of the company, this is the main reason for a company to attract and retain loyal customer.

For the last 4 years, Sushi Tei has managed to rank first on 2019 and 2020 and rank second on 2021 and 2022 in the category of sushi restaurant, which can be seen in the following picture:

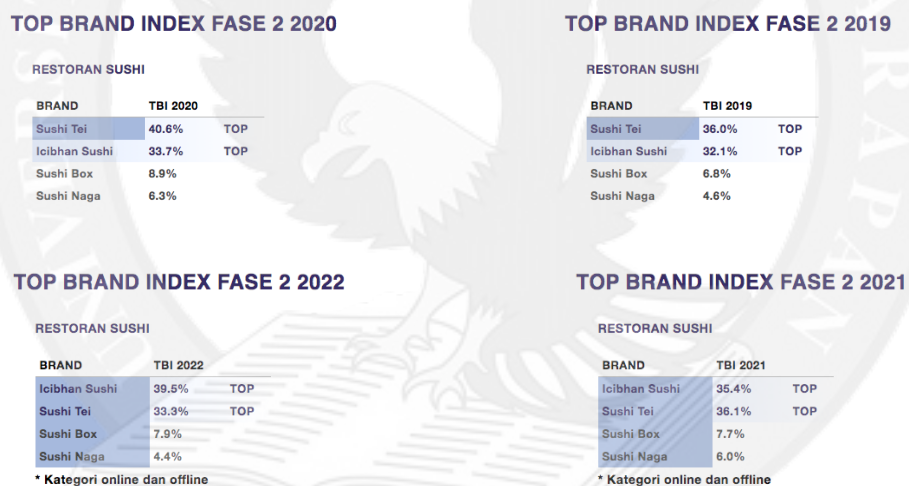


Figure 1.6 Top Brand Index sushi restaurant category
Source: Top Brand Index

According to the results of a survey conducted by the Top Brand Index, one of the sushi restaurants positions the first position that appears first in the public's mind and high repurchase intention is Sushi Tei with an achievement of 36% during 2019 and 40.6% during 2020. This shows that Sushi Tei has launched various innovative initiatives, one of its products and services is to meet changing

customer needs, such as improving service quality during the Covid-19 pandemic, or implementing safety protocols when dining in restaurants. But after the Covid 19 pandemic began to subside in 2021 and 2022, Sushi Tei's position became the second with an achievement of 36.1% during 2021 and 33.3% during 2022 below the Ichibhan Sushi restaurant. So, from this it can be seen that Sushi Tei has experienced a decline in terms of being the top of mind of the public and a decrease in the level of repurchase intention of customers so this certainly requires special attention by Sushi Tei so that they can create new marketing strategies so that they can return to the first position in the sushi restaurant industry compared to other competitors.

The aforementioned reasons are why the researchers were interested in studying PT. Indonesian Sushi Tei. The firm itself, PT. Sushi Tei Indonesia, provides Japanese food and beverage services, mostly sushi. Indonesian sushi enthusiasts first encountered the well-known Japanese restaurant chain in 2003 when PT Sushi Tei Indonesia launched a facility in Jakarta. Since then, it has successfully grown, opening new stores in several key Indonesian cities, including Bandung, Surabaya, Medan, Bali, Makassar, Yogyakarta, Pekanbaru, Batam, and Palembang. Jakarta will soon see an opening as well. There are now 35 Sushi Tei outlets around the country, 17 of which are found in Greater Jakarta.

Restaurants like Sushi Tei are widely recognized for its simple yet modern access to an open kitchen concept with a nod to Japanese tradition. Sushi Tei's open kitchen allows patrons to see as their dishes are prepared. Sushi Tei's innovative sushi bar with conveyor belts also helped it become the first sushi restaurant in Indonesia. Delivering experiences is the goal of the Sushi Tei dining

experience, knowledge of sushi, Japanese culture, Japanese culture, and Japanese culture Sushi Tei is satisfying in terms of flavor, as well as the standard of the food and the service.

To increase customer confidence and support, Sushi Tei has included the widely accepted HACCP (Hazard Analysis and Critical Control Points) standard into their food safety management system. This policy guarantees the safety and quality of every meal served at every Sushi Tei location, with a focus on the sashimi menu. Now that HACCP is always in force, Sushi Tei's customers may enjoy their delectable dishes in a secure and healthful manner.

Table 1.1 Restaurant and Cafe at Delipark Medan

Western Restaurant And Cafe	Japanese Restaurant	Korean Restaurant	Thailand Restaurant	Indonesian Restaurant	Chinese Restaurant
1. A&W Restaurant	1. Genki Sushi	1. Red Dog	1. Raa Cha	1. Bebek Ubud	1. Ta Wan
2. 4fingers	2. Gokana	2. Chir Chir		2. Cobek Ayam Penyet	2. Nelayan
3. Bel Mondo	3. Kimukatsu	3. Kimbab Nara		3. Es Teler 77	3. Nelayan Kafe
4. Burger King	4. Marugame Udon	4. Ojju		4. Garuda	4. Rooster Chop
5. California Fried Chicken	5. Marutama			5. Padamu Negeri	5. Great Bear Bowl
6. Pepper Lunch	6. Sushi Tei			6. Solaria	6. Golden Lamian
7. Steak 21	7. Zenbu				
8 Fountain					
9. Coffee Crowd					

Source: delipark.com

For this research object, I specifically chose Sushi Tei Delipark Medan as my research object is because this branch is the newest branch of Sushi Tei in Medan and it is also the branch that opened at the newest mall in Medan at Delipark Medan on 22 January 2020 (Octavia, 2020), which has a lot of competitors engaged in the FnB industry both from Japanese cuisine and other foreign culinary delights that can be seen from the table above. With so many restaurants and cafes with themes and menus available, this is for sure attract

interest from young people to adults so that the intense competition that occurs in this mall can certainly be a supporting factor that aligns with my research test variable which is the lifestyle, physical environment and menu variety variables.

With the increase in the number of food and beverage industries, this will certainly grow competitors who can compete so that the competition in the food and beverage industry in Indonesia is getting tougher. Not only are new competitors opening restaurants with the theme of Indonesian food, but there are also many new competitors who are opening food-themed restaurants from outside, this is also reinforced by the condition of Indonesian trends after the Covid-19 pandemic which has made Indonesian lifestyles follow and even adopting a foreigner's lifestyle. Therefore, the researcher is interested in researching PT Sushi Tei Indonesia to find out how lifestyle, physical environment, and menu variety can influence customer loyalty through customer satisfaction on PT Sushi Tei Indonesia. With the title **"The Influence of Lifestyle, Physical Environment, and Menu Variety on Customer Loyalty through Customer Satisfaction on PT Sushi Tei Indonesia (Case Study on Sushi Tei at Delipark Medan Customer)"**

1.2 Problem Limitation

Price, promotion, brand image, trust, service quality, and many other variables might all have a role in influencing consumer satisfaction, which in response could determine customer loyalty. However, due to the pandemic situation and time constraints, researchers will only focus on lifestyle, physical environment, and menu variety of the Sushi Tei case study at Sushi Tei Delipark

Medan as an independent variable and its effect on customer loyalty as the dependent variable with customer satisfaction as an intervening variable. Therefore, in this paper, the limitation of the problem presented in this study only limits the variables that are considered important by customers and only on lifestyle, physical environment, and menu variety. Additionally, restrict the distribution of survey questionnaires to just Suhsi Tei Delipark Medan customers.

1.3 Problem Formulation

Based on the information from the background of the research, the writer has formulated the following questions to be answered in this research.

- a. Does lifestyle positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan?
- b. Does physical environment positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan?
- c. Does menu variety positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan?
- d. Does lifestyle positively and significantly influence to customer loyalty at Sushi Tei Delipark Medan?
- e. Does physical environment positively and significantly influence the customer loyalty at Sushi Tei Delipark Medan?
- f. Does menu variety positively and significantly influence the customer loyalty at Sushi Tei Delipark Medan?
- g. Does customer satisfaction positively and significantly influence the consumer loyalty at Sushi Tei Delipark Medan?

1.4 Objective of the Research

The objectives of this research are as follows:

- a. To explain whether lifestyle positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan.
- b. To investigate whether physical environment positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan.
- c. To assess whether menu variety positively and significantly influence the customer satisfaction at Sushi Tei Delipark Medan.
- d. To analyze whether lifestyle positively and significantly influence the customer loyalty at Sushi Tei Delipark Medan.
- e. To describe whether physical environment positively and significantly influence the customer loyalty at Sushi Tei Delipark Medan.
- f. To inspect whether menu variety positively and significantly influence the customer loyalty at Sushi Tei Delipark Medan.
- g. To examine whether customer satisfaction positively and significantly influence the consumer loyalty at Sushi Tei Delipark Medan.

1.5 Benefit of the Research

According to the academic use of scientific advancement and practical application, the findings of this study are anticipated to broaden the study of marketing in the Business Management study program (empirical).

1.5.1 Theoretical Benefit

Theoretically, this study will demonstrate whether or not lifestyle, physical environment, and menu variety may influence customers' loyalty through customers' satisfaction on Sushi Tei. Additionally, this study aims to learn more about marketing management theories in general and the role that lifestyle, physical environment, and menu variety play in influencing customers' loyalty through customers' satisfaction in particular.

1.5.2 Practical Benefit

a. For the writer

This research gives the writer a greater insight and increases the knowledge regarding the lifestyle, physical environment, menu variety, customer loyalty and customer satisfaction.

b. For the company

The results from this research are hoped to be able to be used as a guide for the company to find out how lifestyle, physical environment, and menu variety may influence customers' loyalty through customers' satisfaction on Sushi Tei.

c. For another researcher

It is also intended that it will serve as background information, a resource, and a point of comparison for other researchers who wish to do study in the same area.

