

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the era of globalization, business competition is getting tighter nowadays, especially in the food and beverage industry. The culinary business is a business that will never be weathered by time because eating and drinking is one of the basic needs that must be fulfilled everyday by humans. The density of a person's activity causes some of them to choose to buy food from outside. Apart from being efficient, outdoor dining is also used as a means of refreshing both with family and relatives. The shift in people's lifestyles from eating outside their homes has caused the Food and Beverage business to grow from year to year.

The growth in the number of culinary businesses in Indonesia is increasing from year to year, creating competition in this field very fierce. This condition requires business people to be able to provide satisfaction to their customers by meeting the expectations they want. According to Tjiptono in (Novianti et al., 2018), satisfaction means a feeling that arises after the customer evaluates the experience of using the product or there is a difference between initial expectations before purchasing, where the product / service can meet or exceed customer expectations. Therefore, companies must provide more value to the various qualities provided to customers to satisfy them. Some of the benefits that the company gets if the customer is satisfied include strengthening the brand's position in the market, customers will make repeat purchases and creating customer loyalty.

Customer satisfaction is also the main key for businesses in maintaining their business in the long term. Today, many businesspeople are forced to close their restaurants because they are not making a profit. There are many factors why they cannot maintain their business in the long term. Not conducting market surveys, poor service quality and not being able to keep up with developments are common mistakes that often occur. Maintaining the restaurant business is a difficult challenge considering the fierce competition of every company working in the same field.

In Medan itself, one of the most competitive culinary businesses is *Ayam Penyet*. *Ayam penyet* is one of the menus available in almost every restaurant because of the high number of enthusiasts for this food. *Ayam Penyet* is an Indonesian culinary originating from East Java and until now, this simple dish has existed in various regions in Indonesia. *Ayam Penyet* has also become a favorite and comfort food for Medanese people because apart from the cheap price, this dish is also suitable for their tongues who tend to like spicy food. In one dish, *Ayam Penyet* consists of fried chicken that has been pulverized, *Sambal Terasi*, vegetables such as cucumber / basil leaves, fried tofu, and tempeh.

The most popular restaurant for Medan people to enjoy *Ayam Penyet* is *Joko Solo*. *Joko Solo* has been established since 1999 and has several branches in Medan. The main outlet is located at Jl. Putri Merak Jingga No. 13, Medan Baru district, Medan city. One of the reasons this restaurant has survived is because the quality of the taste has remained the same from the past. *Ayam Penyet* with spicy *sambal belacan* is the mainstay of the menu which is the favourite of most people

at this restaurant. Apart from selling *Ayam Penyet*, Joko Solo also has other menu variants such as Dimsum, Steak, Soup and Seafood. Food at Joko Solo has very affordable prices, starting from Rp. 15.000,- up to Rp. 82,000,-. Even though Joko Solo has succeeded in developing his business until now, they have also experienced ups and downs in running a business. The following is sales data for the Ayam Penyet Joko Solo – Merak Jingga Branch, a Medan restaurant from 2019 –2022 in Rupiah.

Table 1.1 Sales of Joko Solo Restaurant – Merak Jingga Branch, Medan (2019-2022)

Year	Sales (Rp)	Fluctuation (Rp)
2019	1.895.564.000	-
2020	1.551.393.000	-344.171.000
2021	1.311.906.000	-239.487.000
2022	1.392.995.000	81.089.000

Source: Joko Solo Restaurant (2023)

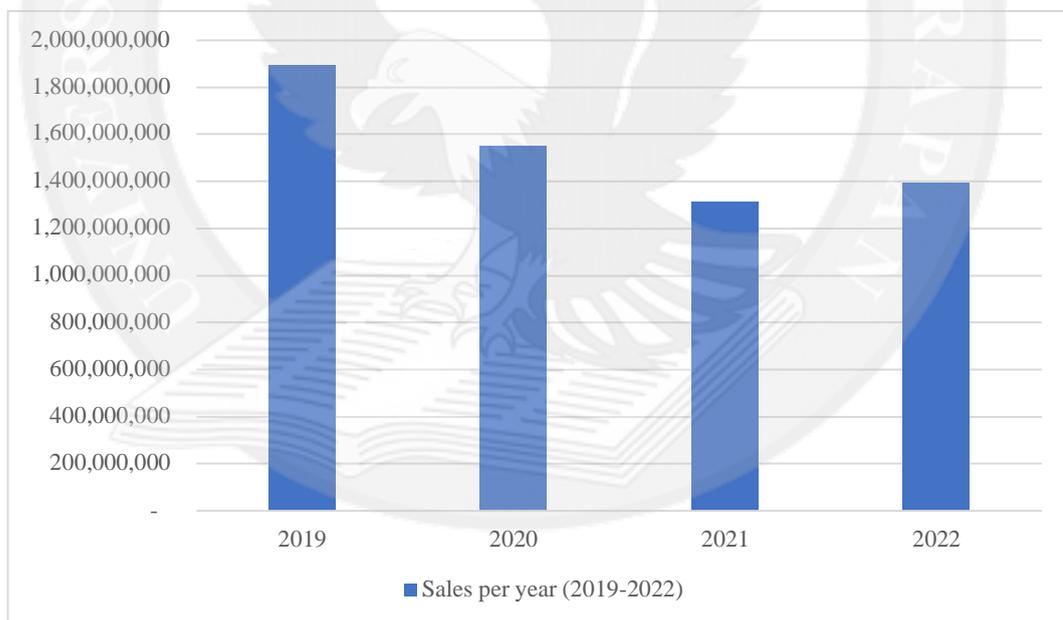


Figure 1.1 Sales of Joko Solo Restaurant - Merak Jingga Branch, Medan (2019-2022)

Source: Prepared by writer (2023)

Based on the table 1.1 above, sales at Joko Solo Restaurant from 2019 to 2022 have fluctuated. There is a decrease in sales from the year of 2019 to 2021.

The

The biggest decline in sales occurred in 2020, amounting to Rp344,171,000 and continued to fall the following year. Then in 2022, the sales of this restaurant experienced a slight increase of Rp81,089,000, but this sales figure is still far from the previous years, namely in 2019 and 2020.

AYAM PENYET JOKO SOLO
Jl. Putri Hijau I/II, Kesawan, Medan City, North Sumatra

4.3 ★★★★★ 1,618 reviews ⓘ

People often mention

All sambal 45 spicy 27 parking 16 area 14 +6

Sort by

Most relevant Newest Highest Lowest

Fadlun Maros
Local Guide · 629 reviews · 6,431 photos
★★★★★ 9 months ago
Dine in | Lunch
Took forever to get our food. Nothing special about this place except the location. Might be crowded on lunch hours. I wish they have espresso. ... [More](#)

Like

Figure 1.2 Joko Solo's Rating on Google Review

Source: <https://google.com> (2023)



Figure 1.3 Total Review of Joko Solo Restaurant – Merak Jingga Branch, Medan
Source: Prepared by the Writer (2023)

Based on a google review, Joko Solo gets a rating of 4.3 out of 5 with 1,618 reviews on Google. After conducting research, there were 272 customers or 18 percent, gave stars below 4. The bad reviews were mostly related to 3 variables, such as product quality, service quality and store atmosphere. The following are bad reviews from 2019 – 2023 on the Joko Solo restaurant - Merak Jingga branch, Medan.

Table 1.2 Customer Complaints on Product Quality (X1)

Variables	Year Posted	Reviews
Product Quality (X1)	2020	The chicken stinks.
	2021	The food is not tasty, because the chicken is not really cooked (the meat is still red) and the male waiter is not friendly also he is underestimating us.
	2022	It used to be delicious, but when I tried it recently the food was not as good as it used to be, ordered 2 menus and all were too salty.. It's not worth it because the price is quite expensive but the taste is not as good as it used to be.
	2023	The chicken is cold. The sambal isn't even tasty, the tofu smells musty.

Source: Prepared by the Writer (Google Review, 2023)

Based on the table above, customer complaints towards product quality still need to be of concern. Customers are dissatisfied with the taste and quality of the food served. Product quality refers to how well a product can satisfy the needs of its customers. When the taste or quality of a food does not meet their expectations, the possibility of the customer making a repeat purchase is very small.

Table 1.3 Customer Complaints on Service Quality (X2)

Variables	Year Posted	Reviews
Service Quality (X2)	2020	Not recommended place to eat, the food is so-so, but the service is very bad. You have to call the waitress more than 3 times if you want something. I think they should separate cashiers for online order and dine-in order. We waited for a long time just to pay the bill...
	2021	The service is not good, I've been waiting for over an hour but the waiters prioritize other customer that just arrived, employee keep on playing cellphone.
	2022	Please improve the service so that it is more optimal. It's apity for people who have ordered for a long time but the food hasn't arrived yet.
	2023	Won't come back again. Worst place and service ever. <ol style="list-style-type: none"> 1. Waiters forget to write our orders and kept us waiting for hours even though we kept asking. 2. Give wrong orders and again kept us waiting.

Source: Prepared by the Writer (Google Review, 2023)

Table 1.3 shows bad reviews from 2020 – 2023 for the services provided by Joko Solo Restaurant, Merak Jingga branch. This proves that Joko Solo restaurant has not improved their service quality properly. Service quality plays an important role in shaping customer satisfaction, customers will be more satisfied when they receive higher-quality services. Good service quality also provides benefits and improves the company's image. From table 1.3 prepared by the writer, many customers complain about the long service, the waiters are not polite and not adept.

Table 1.4 Customer Complaints on Store Atmosphere (X3)

Variables	Year Posted	Reviews
	2019	Open concept place, so it's hot during the day, even though there's a fan. For me, it's not comfortable. If it's crowded, the service will

Store Atmosphere (X3)		be a bit long. There is no dedicated parking space, so parking is on the side of the road and it's quite limited.
	2019	The place is a bit dirty and the toilet also smelly, but for the food, taste is quite okay, a lot of variety as well. Don't come here if you cannot eat spicy.
	2020	inconvenient parking area
	2023	Prices are not too expensive. Average dining atmosphere. The impression is a bit shabby maybe, because the table is old and there is no repair of the painting. Yes, it's clean, but it doesn't look neat

Source: Prepared by the Writer (Google Review, 2023)

From several reviews on Google, the author found many bad reviews regarding the uncomfortable atmosphere of the store, the cleanliness of the place that was not maintained and the difficulty in finding a parking space. A comfortable atmosphere has an important role for a restaurant to provide customer satisfaction.

So based on the three tables above, the writer concludes that Joko Solo restaurant still needs to improve all the deficiencies that are being faced. It can be seen that customers still give the same complaints every year, which means that Joko Solo Restaurant lacks improvisation. Even though there are 83 percent good reviews for this restaurant, it is still not optimal. There were 17 percent of customers who complained about their experience when eating at the restaurant. This of course can impact on a decrease in sales, and they can lose customers. Therefore, companies must further analyse the factors that cause a decrease in customer satisfaction. So, in this research, the author's goal is to provide further understanding and find out the problems being faced by Joko Solo's Ayam Penyet restaurant. Therefore, the writers decide to conduct research entitled “**The Influence of Product Quality, Service Quality, and Store Atmosphere on Customer Satisfaction at Joko Solo – Merak Jingga Branch, Medan**”.

1.2 Problem Limitation

Based on the problem identification above and to avoid the problem from spreading, this research is limited to analysing the influence of product quality, service quality and store atmosphere on customer satisfaction at Joko Solo Restaurant located at Jalan Putri Merak Jingga No. 13, Medan, North Sumatra, Indonesia. This problem is a priority that must be addressed immediately because it is an important key for the company to continue and survive, develop, and be able to compete with other companies.

In this research, the dependent variable (Y) is customer satisfaction with the indicators of conformity expectations, interest in visiting again (repurchase) and willingness to recommend. Whereas the independent variables are product quality (X1) with the performance, features, conformance to specification, aesthetics, and perceived quality. Service Quality (X2) with the indicators of reliability, responsiveness, assurance, empathy, and tangibles. Store Atmosphere (X3) with the exterior, general interior, store layout, interior display.

1.3 Problem Formulation

According to the background of the study, the problem can be found as follows:

- a. Does product quality have a partial influence on customer satisfaction at JokoSolo Restaurant – Merak Jingga Branch, Medan?
- b. Does service quality have a partial influence on customer satisfaction at JokoSolo Restaurant – Merak Jingga Branch, Medan?

- c. Does the store atmosphere have partial influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan?
- d. Do product quality, service quality and store atmosphere have a simultaneous influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan?

1.4 Objective of the Research

The following are the objectives of the research, which are based on the formulation of the problem above:

- a. To examine whether product quality has a partial influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan.
- b. To examine whether service quality has a partial influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan.
- c. To examine whether the store atmosphere has partial influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan.
- d. To identify whether product quality, service quality, and store atmosphere have simultaneous influence on customer satisfaction at Joko Solo Restaurant – Merak Jingga Branch, Medan.

1.5 Benefits of the Research

The benefits that are expected to be obtained from the results of this study are:

1.5.1 Theoretical Benefits

The study is expected to provide more insight and understanding about the influence of product quality, service quality, and store atmosphere on customer satisfaction. This research will determine whether customer satisfaction is related to these variables or not. In addition, this study is also meant to be a means of developing theoretical information studied in lectures.

1.5.2 Practical Benefits

- a. For the writer, this research is expected to be able to broaden the author's insight and knowledge about the influence of product quality, service quality, and store atmosphere on customer satisfaction.
- b. For Joko Solo Restaurant, the findings of this study are expected to be input for the company in improving and solving the problem regarding the quality of the products, service quality and store atmosphere at the restaurant.
- c. For other researchers, this research is expected to be a reference material for other researchers who take on similar topics in the future.