

CHAPTER I

INTRODUCTION

1.1 Background of Study

Currently, the development of the hospitality industry, especially in the Food and Beverages section, is a topic that is often discussed by everyone. Because food is a primary need that must be obtained for everyone. Therefore, many people open cafes or restaurants, especially for people who are just starting businesses.

During the COVID-19 era that occurred throughout the world, all industrial businesses experienced a very drastic decline, starting with growth rates and income. In particular, the food and beverage industry suffered huge losses because, during the COVID-19 period, most people chose to cook at home because society was considered to guarantee health and prevent the emergence of viruses. And government agencies that limit the food and beverages industry from accepting orders through dine-in. Even though the food and beverages business has tried to sell online, the results are still unprofitable, so many restaurants or cafes have been closed so far.



Figure 1. 1 Growth Rate Food & Beverages
Source: Badan Pusat Statistik Indonesia (2022)

From the figure above, the growth rate of the food and beverages industry has decreased, from 7.78% in 2019 to 1.58% in 2020, which means there is a decrease of 6.20%. This decline occurred due to the pandemic, but the food and beverages industry bounced back in 2021 by 2.54%. Even though it has experienced a decline, the food and beverages industry has succeeded in developing, and with this development, it has given opportunities for the food and beverage industry.



Figure 1. 2 RIIL Income Food & Beverages Industry
Source: Badan Pusat Statistik Indonesia (2022)

From the table above, income in the food and beverages industry continues to increase, but this happens because the need for food and drinks cannot be stopped. Even during a pandemic, many people panic buy, which causes a lot of

food and beverage stocks in supermarkets to run out. However, restaurants and cafes experienced a decline in income due to the pandemic situation, because during the pandemic the price of goods rose. Therefore, in terms of income, the food and beverage industry continues to increase, while the growth rate moves slowly from year to year.

In 2022 and 2023, after the number of COVID-19 cases has decreased, the government will allow dine-in, which is good news for entrepreneurs in the food and beverages industry. This is a new way to restart business. The food and beverage businesses are believed to have great potential to run the businesses well and adapt to current developments.



Figure 1. 3 Indonesia Economic Growth
Source: Asian Development Bank (2022)

According to the Asian Development Bank (ADB) report, the estimated economic growth in Indonesia is 5.0% in 2022 and 5.2% in 2023. Most of this growth occurs due to the large interest of consumers in trying newly opened restaurants or cafes, and standardization is important in the food and beverage industry, especially in the aspects of food quality, cafe atmosphere and service quality. From food quality, standardization ensures that every dish or drink served

meets certain standards in terms of texture, presentation, and taste. In cafe atmosphere, standardization includes interior design, cafe layout, lighting, and other elements that create a cafe atmosphere. In service quality, standardization in employee training and service procedures helps ensure that every customer receives the same and good service. Consistency in food quality, atmosphere, and service can create customer purchase intentions.

So, if every business cannot adapt to this standardization, then business actors will experience losses. Therefore, it is important to ensure customer purchase intention in the industry by conducting research on how to provide high-quality food and whether the products match people's preferences. In addition, exploring unique aspects such as a cafe or restaurant atmosphere that is not found anywhere else and determining the type of service that will make customers interested in the business is important. Considering the many competitors offering similar products in the same area and targeting the same market.

According to Xiao et al. (2018) cited in Ria Selvira (2022), food quality is a primary component that can influence an individual's purchase intention. Companies need to offer high-quality food from various aspects such as quality taste, fresh ingredients, a variety of food choices, appealing packaging, and good food freshness, to the customers (Liew et al., 2021 as cited in Ria Selvira, 2022).

According to Utami (2017), as cited in Muchlisin Riadi (2021), store atmosphere is a combination of physical store characteristics such as architecture,

layout, lighting, display, colour, temperature, music, and aroma, which collectively create an image in the consumer's mind.

According to Tjiptono (2012) cited in Nur Aeni, Muhammad Ekhsan and Agustini Tanjung (2019), service quality can be defined as a measure of how well the level of service provided is able to meet the expectations or desires of customers.

According to Semuel and Setiawan (2018) cited in Muschlisin Riadi (2023), purchase intention is a state in which consumers have the intention to make a purchase of a product or service that meets consumers' highest expectations.

The object of this research is Dousya Land Cafe. Dousya Land Café is one of the businesses that open in the post-pandemic era, so this could be an opportunity for Dousya Land café because it could increase consumer interest in gathering in places such as cafes, creating opportunities for increased sales in the post-pandemic era. But that also can be a challenge because there are many new businesses that have emerged after the pandemic, so competition in the cafe industry may become tighter. Cafe owners need to have a competitive advantage to compete.

Dousya Land Café is located at JL. Jendral Sudirman, Karya, Tanjung Balai City, North Sumatera 21314, and officially opened on June 5, 2021. This café is open every day, starting at 12:00 a.m. – 23:30 p.m. This cafe is often visited by many people because its location is in the city center. It is one of the spacious cafes in Tanjung Balai. Dousya Land provides Wi-Fi and various types of halal food. And have indoor, outdoor, and VIP room. At night, there are live band performances in the outdoor area.

The following are the online comments from Google Review at Dousya Land Cafe:

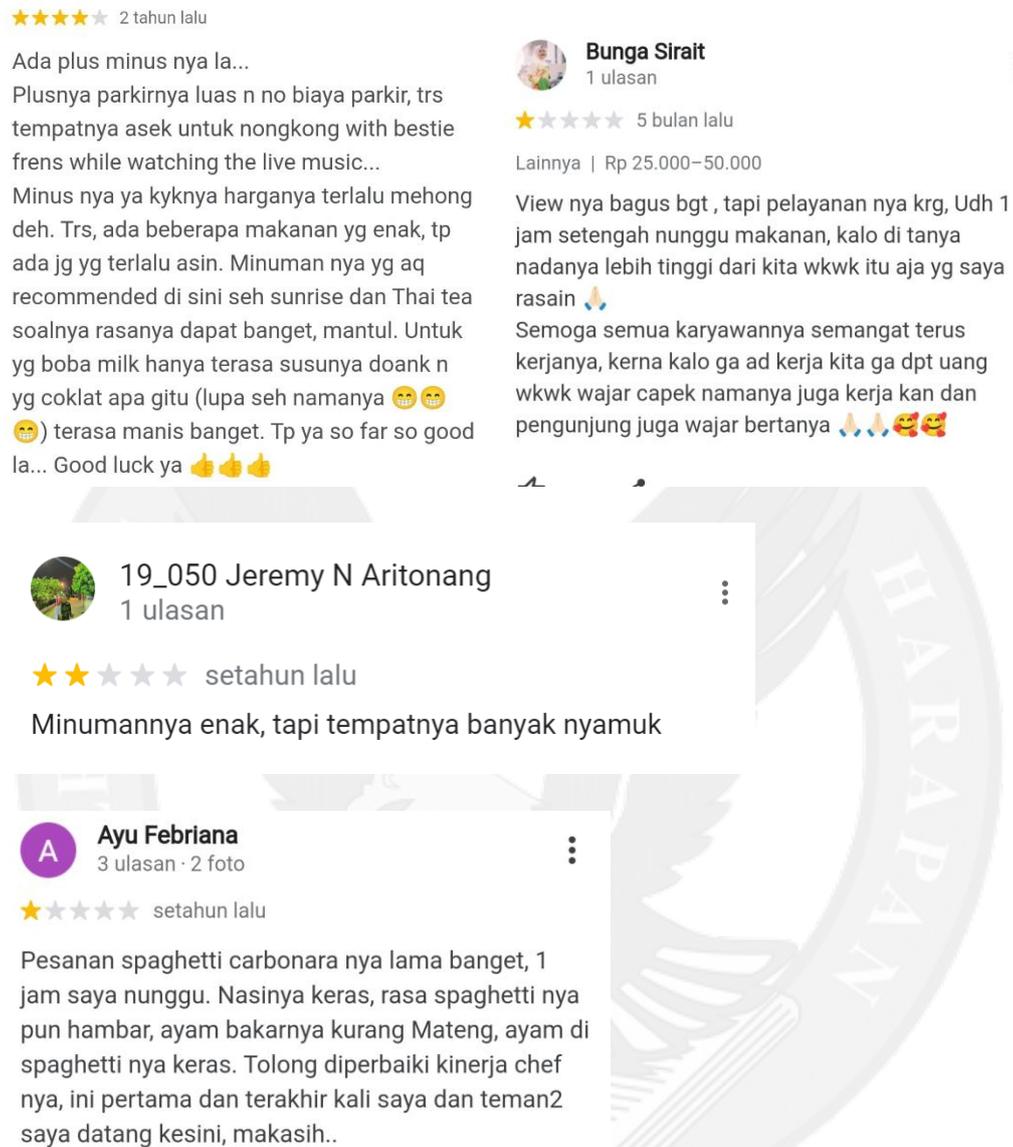


Figure 1. 4 Google Review at Dousya Land Café
Source: Prepared by the writer (Google Review,2023)

Based on the Google Review above, most customers commented on the poor quality of the food, such as the rice was hard, the spaghetti was tasteless, the grilled chicken was undercooked. The cafe atmosphere is uncomfortable because there are lots of mosquitoes, the cleanliness and aroma of the café is not maintained.

And the quality of service is very slow, such as customers waiting for food to be served for up to 1 hour, and the waiters are not friendly.

Table 1. 1 Menu at Dousya Land Cafe

Food	
Nusantara	Nasi Ayam Penyet, Nasi Ayam Cabe Ijo, Nasi Ayam Bakar Bali, Nasi Ayam Bawang Putih, & Nasi Ayam Mentega
Dessert	Ropang Srikaya, Ropang Nutella, Ropang Ovamaltine, & Ropang Tiramisu.
Italian Pasta	Spagetti, Fettucini, Penne (pilihan sauce: Bolognese, Alfredo, Carbonara, Aglio-olio).
Snack	Potato Wedges, Sosis Nugget, Chicken Wings, Aburi Baked Fries & Lumpia Goreng.
Drink	
Juice	Alpukat, Jeruk, Semangka, Sawi Nenas, Terong Belanda & Jambu.
Milk Shake	Lady Banana, Hazelnut, Vanilla & Strawberry.
Tea	Rosella, Lychee Tea, Peach Tea, Jasmine, Chrysantenum, Honey Lemon Grass.
Mocktail	Bali Dancer, Love in Autumn, Aqua Marine, Green Land Lemonade, Peanut Happy, Mixed Purple, Strawberry Pink Lava.

Source: Prepared by the writer (Dousya Land menu, 2023)

From the table above, Dousya Land Café provides many variants of food, drinks, and desserts. This can be a plus point because there are several variations of food. But Dousya Land also must pay attention and maintain the quality of the food.

The Cafe Atmosphere can be seen in the image below:



Figure 1. 5 Dousya Land Cafe Atmosphere

Source: Prepared by the writer (Google,2023)

In terms of cafe atmosphere, Dousya Land Cafe has a minimalist concept with brown and cream colour. Where the cafe design is very simple, Dousya Land has outdoor and indoor areas.

From the data above, especially in the Google review figure, it could be a problem for Dousya Land Café because standardization is very important in the food and beverage industry, especially in the aspects of food quality, cafe atmosphere and service quality. However, at Dousya Land Café, it does not meet the criteria for good standardization, and it seems that Dousya Land Café does not pay attention to this, starting from the food quality problems, especially in undercooked food and bland taste. This can significantly influence customer purchase intentions at Dousya Land. The café atmosphere does not maintain good cleanliness and aroma, causing a high presence of mosquitoes and the café's scent to be less pleasant due to the café's lack of cleanliness and the service at Dousya Land Cafe is slow. This can influence the reliability of the service, because customers typically expect consistent and efficient service. In terms of responsiveness, Dousya Land Cafe is also lacking because customers have to wait too long to receive service, or the food served. This can raise questions about the café's responsiveness.

This problem can influence customer purchase intention because many customers conduct online research before making a purchasing decision. Google Reviews provide a real image of previous customer experiences. Positive testimonials can increase new customers' trust in a cafe, while negative reviews can raise doubts and can influencing customer purchase intentions.

The writer wanted to find out about Purchase Intention at Dousya Land Café and whether the food quality, cafe atmosphere and service quality can influence purchase intentions at Dousya land cafe. Therefore, the writer decided to conduct research with the title "**The Influence of Food Quality, Cafe Atmosphere, and Service Quality Toward Purchase Intention at Dousya Land Cafe in Tanjung Balai City, North Sumatera**".

1.2 Problem Limitation

For this research is limited to customers of Dousya Land Café who visited and became consumers of Dousya Land Café. The period of this research questionnaire is 1 week. The research is limited to Food Quality, Café Atmosphere, Service Quality, and Purchase Intention at Dousya Land Cafe.

1.3 Problem Formulation

Based on the background research, there are several problem formulations for this research, which are:

1. Does Food Quality have an Influence on Purchase Intention at Dousya Land Cafe?
2. Does Cafe Atmosphere have an Influence on Purchase Intention at Dousya Land Cafe?
3. Does Service Quality have an Influence on Purchase Intention at Dousya Land Cafe?
4. Do Food Quality, Cafe Atmosphere and Service Quality have an Influence on Purchase Intention at Dousya Land Cafe?

1.4 Objective of Research

The following are the research objectives:

1. To examine the influence of Food Quality on Purchase Intention at Dousya Land Café
2. To examine the influence of Café Atmosphere on Purchase Intention at Dousya Land Café
3. To examine the influence of Service Quality on Purchase Intention at Dousya Land Café
4. To examine the influence of Food Quality, Café atmosphere and Food Quality Toward Purchase Intention at Dousya Land Café

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The benefits derived from this research are divided into two parts: benefits for researchers and benefits for readers. The benefits for researchers are to increase the writer's knowledge of explaining the influence of Food Quality, Café atmosphere and Service Quality Toward Purchase Intention at Dousya Land Café Tanjung Balai City and to help Dousya Land Café see problems within the café. The benefit for readers is that the writer's research can become a reference for further research and add new insights.

1.5.2 Practical Benefit

This research can be used as a guide for Dousya Land Café, as a reference for which factors should be re-evaluated, paid attention to, and changes made to the cafe that can influence purchase intentions at Dousya Land Cafe. And for future

researchers, it is hoped that this research can become a reference and additional information for people who want to know more about purchase intentions regarding food quality, cafe atmosphere and service quality for topics. And with this research, the writer hopes to help other parties if there is other research that addresses topics like this research.

