

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The effect of globalization era has moved the shift towards customer changing consumption pattern as it influences their behavior which was caused from changes of lifestyles, higher range of income and adaptability towards trends in the urban city. One of the business sectors that has been affected greatly by globalization is the Food and Beverage industry as customer preferences now keep on changing and it requires the industry to be able to adapt quickly in order to satisfy the ever-changing demand of customers. With the expansion of these businesses, the Food and Beverage industry has become one of the important growing sectors that bring impact to Indonesia's economy as it has significantly supported the country's development.

Table 1. 1 Growth of Food and Beverage Business in Indonesia

| Year | Number of Percentage |
|------|----------------------|
| 2019 | 7.78 |
| 2020 | 1.58 |
| 2021 | 2.54 |
| 2022 | 4.90 |

Source: National Income of Indonesia 2018-2022 (2023)

Based on the data from Badan Pusat Statistik (BPS), it can be seen that the growth of F&B businesses increased over the years, during 2019 there were 7.78% of the rapid growth of the industry however it dropped to 1.58% because of the pandemic that forces the food and beverage world to slow down and follow the government regulation of social distancing. Despite facing the issues, F&B business since then has been recovering slowly since the pandemic with the growth

of 2.54% in 2021, following the year in 2022 where it jumped into 4.9% which almost doubled the number compared to the previous year as the F&B business owners are motivated to adapt to the customer's demand especially since nowadays customers consists of all ages especially young customers seek restaurants or cafes which not only serve meals but also those who serves beverages or snacks with comfortable store atmosphere to become a place where they can socialize and made their assignments.

While it's increasingly important for business nowadays to be innovative and attractive to the consumer's eye, customer satisfaction is also one of the prominent qualities that will guarantee your business success because having favorable image of producing satisfaction among customers is the key to maintaining long-term profitable operation in having a return customer and increase in sales. Because when a customer is fully satisfied, they can share their happy experiences of dining in the restaurant by giving testimonials to potential customers. However, Eid et al. (2019) said that even if it can create a positive effect when their satisfaction is fulfilled, it can also turn bad when it's not fulfilled, which brings consequences.

One of the key variables that contributes to achieving customer satisfaction is menu variation. In the business world, business owners have tried to implement strategies to attract customers such as the menu variation that they are able to offer to suit the customer's tastes. With the variety, business owners are also able to know what their preferences are by looking at which product customers choose and able to create more goods that suit them and within the menu, it will give direct communication to the customers about what food we offer, the service that we will

provide and facilities that they will experience once a guest has stepped into their restaurant. Besides, having a good design of the menu can also direct customer attention to other items on the menu. According to Mubayyanah et al. (2021), customers will also gain satisfaction with the variety of menus that are provided since it's part of their consideration when it comes to their buying interest.

Besides menu variation, electronic word of mouth also plays an important part in promoting customer satisfaction as technology becomes advanced. Besides Suryani, as cited in Khofifah and Munawaroh (2023) also said when information of café products and services are reviewed in social media, it can become an effective strategy to increase customer satisfaction because of the huge network exposure. As when a positive remark on the internet is made about the café, it can increase the customer expectation of how good the café will be because of the recommendation made which can create opportunities of gaining loyal customer base. However, this can create a reverse effect, if the overall experience of the guest is not in accordance with their expectation, which can result in lower satisfaction after dining in the café because they have different experiences than what's said.

Other influences like the store atmosphere are also one of the important things to be noticed by café owners in order to deliver memorable experiences to customers, leading to their satisfaction. The research results in Legi (2022) show that the store atmosphere has a positive influence on customer satisfaction. With a good store atmosphere, it will invite the attraction of potential customers to come to the café. Potentially, Dhurup, as cited in Furoida and Maftukhah (2018) stated

that customers who have experienced great store atmosphere can influence other customers through word of mouth which increases the possibility of increasing loyal customers because they are satisfied with the quality of store atmosphere.

The Thirty-Six Café is one of the most famous cafés serving the style of international dishes with local fusion and can be found in a well-known location among local food lovers that is surrounded by several cafes and restaurants of different cuisines. With a large parking space, this café has a minimalistic yet aesthetic design with a comfortable store atmosphere which can be enjoyed by customers as a place to socialize. Their café layout is divided into outdoor space, which is for those who want to smoke, and a large indoor space made to fit their customers. The café is famous for its western dishes, such as a variety of pastas including Aglio Olio Pasta & Black Truffle Mushroom Pasta, and local dishes such as Kampong Fried Rice and Oxtail Fried Rice, which are made to suit the taste of the local people. Other than that, their light bites and desserts are accompanied by a specialty in coffee, which makes them the recommended list of popular hangout places in Medan.

With the evolution of business strategy to meet the customer demand, the competitive landscape of F&B industry has increased rapidly as businesses came up with emerging innovation in their approach made to attract various customer's attention by creating food products that have unique attributes while adapting to the trends, while The Thirty-Six Café have maintained the consistent reputation among consumers over their famous varieties of pastas however the appearance of their competitors in the field can shake the consistent balance that they have

maintained as competitors can win over their customers with more unique concepts and quality such as different types of cuisines or creating handmade pasta noodles with similar prices. There are several competitors that have been popular among customers that serve similar food concept and café atmosphere such as

Table 1. 2 List of Competitors

| No | Competitors | Google Rating | Concept |
|----|--------------------|--------------------|--|
| 1 | Pilastro Signature | 4.5 (516 reviews) | Café with coffee specialty and serving western dishes with local fusion |
| 2 | Mano Ristorante | 4.6 (181 reviews) | Serves handmade pasta noodles |
| 3 | Coffeenatics | 4.5(1,088 reviews) | Specialty coffee shop with food and light snacks served with cake desserts |
| 4 | People's Place | 4.5 (701 reviews) | Serving western dishes with local fusion |

Source: Prepared by Writer (2023)

Besides that, there was some feedback from customers about the café concerning menu variety, word of mouth and store atmosphere, which are listed in the table above.

For menu variation, there are cases where customer complaints about the restaurant not being able to adjust some of their dishes to vegetarian which can lead to lower satisfaction because they are not able to fulfill the customer demand. There are also cases of customers complaining about the taste that doesn't live up to their expectations and the product quality of the food that is not being cooked thoroughly, no flavor or too salty. Besides, the preparation of the food is also said to be taking a long time, which is a problem for customers who visit in hungry conditions. All these qualities were questioned by several customers who came in and deemed their price not appropriate or in accordance with their expectations.

**Florin B**

Local Guide · 82 reviews · 54 photos

★★★★☆ 4 months ago

Dine in | Brunch

Nice cafe and drinks.

The food took forever to come and the waffles and rosti+sausage were not cooked through.

Food: 2/5 | **Service:** 3/5 | **Atmosphere:** 3/5

**Lishalini Ganabathy**

6 reviews · 7 photos

★★★★☆ a year ago

The customer service was awful by the staffs. They were trying to avoid me and my friends not sure what reason. The food was ok but bland with no flavor. Definitely wasn't worth what we were paying for!!!

**08034dm**

1 review

★★★★☆ a year ago

3-4 kali kesini, selalu lambat makanannya datang, sejam lebih. Sudah tidak mood utk makan. Tidak rekomen kalau kesini kalau dalam kondisi lapar. Kapok kesini lagi

**Fenny W**

Local Guide · 211 reviews · 280 photos

★★★★★ 2 months ago

Dine in | Lunch | Rp 75,000–100,000

I can say that most food are great. Love this place! Sometimes the foods come out quite late.

**Miftahul Jannah**

1 review

★★★★☆ 7 months ago

Dine in | Dinner | Rp 50,000–75,000

Pesan 4 makanan, 3 terlalu asin, 1 rasanya tidak sesuai ekspektasi. Tidak worth the price

**Sarah Dina, MD**

1 review

★★★★☆ 2 months ago

Dine in | Lunch | Rp 25,000–50,000

Jelek

Mesan pastw

Aglio olio lebih dari 1/2 jam

Satu orang pelayan bilang 3 menit, 10 menit akhirnya nggak datang

**Dedy Rizki Ernanda**

10 reviews · 2 photos

★★★★☆ 2 months ago

Take out | Breakfast

Makanan sangat lama di siapkan ..

Buat makan pancake aja harus nunggu hampir 1 jam baru selesai di siapkan . Minuman sudah keburu dingin tapi makanan belum datang

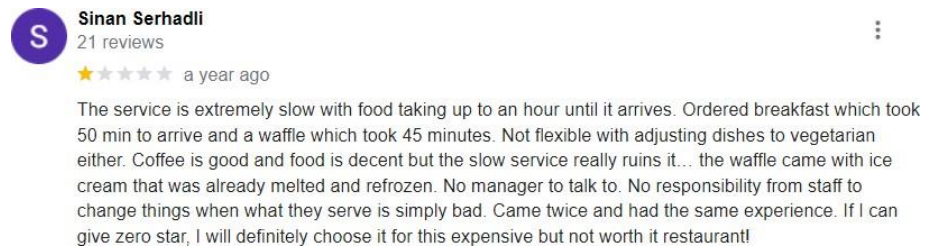


Figure 1. 1 Google Reviews of Menu Variation

Source: Thirty-Six Café (2023)

There are also problems of the café regarding their menu availability where customers want to order the menu from lunch set however the waitress insists that they must order from breakfast set which results in the customers not being satisfied because of not being allowed to test their other menu even though other customers are said to be able to order the lunch set. There is also a problem about the café not taking customer order for their breakfast even though café is said to serve breakfast, lunch and dinner, the customer is someone who came back to experience more of the goods and services but because of the rejection, they don't want to come back to the café anymore.

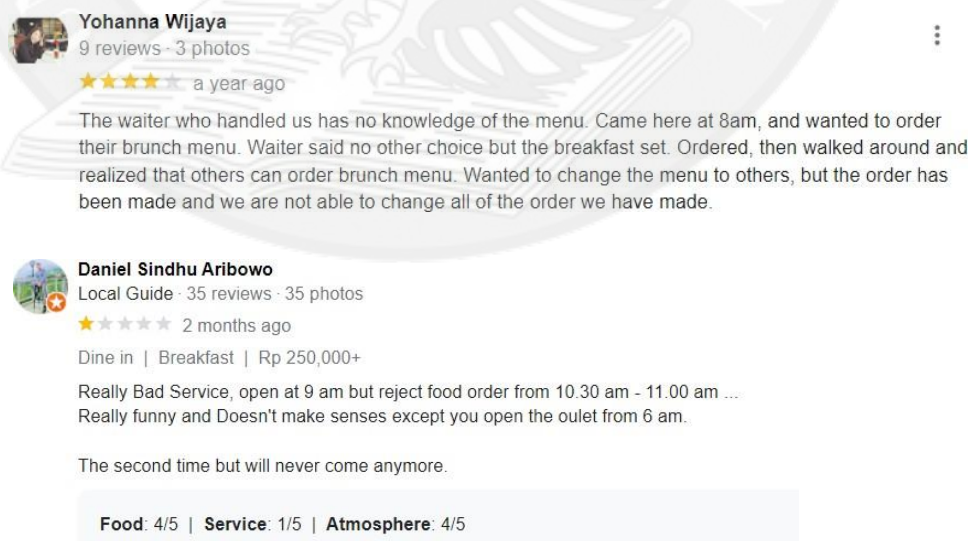


Figure 1. 2 Google Reviews of Menu Variation

Source: Thirty-Six Café (2023)

Based on the spread of electronic word of mouth that can be seen through google reviews on the restaurants, even though the café has gathered positive comments, however the cases of complaint of customers over their café has been increasing over the years as there a lot of comments about the product and service quality which food is not cooked enough, not fulfilling customer demand and preparation of food is too long or cases of employees being impolite and providing bad service. The prominent feedback that can be found in 2022 is the store atmosphere, which said that the café is too crowded and not comfortable to chill. All the reviews can impact negatively on the potential customers as they show that some customers are not satisfied with how the café served them which shows that the store might not provide consistency in providing their products and services.


Besides the number of reviews left behind by the customer grow each year which indicates the frequent access of customer towards the electronic word of mouth in the form of the google review as 2021 there were 119 number of reviews left by customers about their overall experience dining in thirty-six café. By 2022, the number of reviews has increased greatly as people become more used to leaving a review on online sources as a way to express their emotion whether they give recommendation or negative review. Forward to 2023, where the number of reviews is still increasing consistently each week as people are more used to leaving their review of overall experiences of product and services after dining in the café.

Table 1. 3 Number of Thirty-Six Cafe Google Reviews


| Year | Number of google reviews |
|------|--------------------------|
| 2021 | 119 |
| 2022 | 205 |
| 2023 | 162 (ongoing) |


Source: Google Review (2023)


The store atmosphere is one of the reasons why people came to The Thirty-Six Café to hangout. They are famous for their cozy atmosphere, however it can be found recently their café is too crowded which created noises that minimize comfort of the customers. Even though the café has a large parking space, however due to the popularity of the café, it's quite difficult to get a parking space at the weekend, which can be seen from the reviews. There are also problems with bad management of their tables and seating arrangements that lower customer satisfaction with the store atmosphere. Due to its popularity, the number of customers visiting the café increased, which became too crowded which made it uncomfortable for customers to spend a long time in the café and as a result the store atmosphere is said to be unable to bring comfort.

 **Betty Wong**
3 reviews
★★★★☆ 7 months ago
Dine in | Dinner | Rp 125,000–150,000
Terlalu rame dan ributt.. makanan biasa saja, harga normal utk cafe.

Food: 3/5 | Service: 3/5 | Atmosphere: 3/5

 **yence cie**
Local Guide · 26 reviews · 79 photos
★★★★☆ 4 months ago
Dine in | Other | Rp 25,000–50,000
sangat ramai jd kalo untuk santai kurang bagus

 **Lowe Clinton**
Local Guide · 45 reviews · 4 photos
★★★★★ a year ago
Dine in | Lunch
Foods here taste good. But during busy hour, it's a bit overcrowded and a bit uncomfortable to chill.

 **Raissa Sati**
4 reviews · 11 photos
★★★★★ 2 months ago

Parking space
Somewhat difficult to find parking



Figure 1. 3 Google Reviews of Store Atmosphere
Source: Thirty-Six Café (2023)

Based on the several research that has been conducted above, the writer is interested in analyzing how menu variety, e-word of mouth and store atmosphere influences customer satisfaction which will be written in the form of final paper entitled **“The Influence of Menu Variation, E-Word of Mouth and Store Atmosphere Towards Customers Satisfaction at The Thirty-Six Café Multatuli, Medan”**.

1.2 Problem Limitation

In this research, study will be limited to analyze Menu Variation (X1), E-Word of Mouth (X2), Store Atmosphere (X3) as independent variables and Customer Satisfaction (Y) as dependent variable. The research object of the study will be Thirty-Six Café located at Jln. Multatuli No 36, Hamdan, Kec. Medan Maimun, Kota Medan, Sumatera Utara 20151. The indicators of menu variation (X1), according to Sihombing et al. (2021) are focused on taste, size, product quality and availability of products. The indicators of e-word of mouth (X2) according to Pambudi (2022) consists of intensity, positive review, negative review and content. The indicators for the store atmosphere (X3) according to coffee & oo (2020) are ambience (air quality, noise, lighting, cleanliness), design (architecture, order, comfort) and social factors (service behavior, number of customers and employees). Meanwhile, the indicators of customer satisfaction (Y), according to Riadi (2023) focused on fulfilling customer expectations, intentions to revisit and willingness to give recommendations.

1.3 Problem Formulation

Following the background of the study, the purpose of this research is to examine “The Influence of Menu Variation, E-Word of Mouth and Store Atmosphere Towards Customers Satisfaction at The Thirty-Six Café Multatuli, Medan”, which the problem can be formulated as:

1. Does the menu variation have a partial influence on customer satisfaction at The Thirty-Six Café Multatuli, Medan?

2. Does e-word of mouth have a partial influence on customer satisfaction at The Thirty-Six Café Multatuli, Medan?
3. Does the store's atmosphere have a partial influence on customer satisfaction at The Thirty-Six Café Multatuli, Medan?
4. Do menu variation, e-word of mouth and store atmosphere simultaneously have influence toward customer satisfaction at The Thirty-Six Café Multatuli, Medan?

1.4 Objective of Research

Based on the problem formulation above, the objective of this research will be:

1. To identify whether menu variation has a partial influence towards customer satisfaction at The Thirty-Six Café Multatuli, Medan.
2. To discover whether e-word of mouth has a partial influence towards customer satisfaction at The Thirty-Six Café Multatuli, Medan.
3. To investigate whether the store's atmosphere has a partial influence towards customer satisfaction at The Thirty-Six Café Multatuli, Medan.
4. To analyze whether menu variation, e-word of mouth and store atmosphere simultaneously have influence toward customer satisfaction at The Thirty-Six Café Multatuli, Medan.

1.5 Benefits of the Research

Within the research, there are two types of benefits that can be found:

1.5.1 Theoretical Benefits

The theoretical benefit of research is to help writers understand more about the relationships between variables. In addition, it can become a reference for future researchers to gain knowledge about the menu variation, e-word of mouth, store atmosphere and customer satisfaction at Thirty-Six Café Multatuli, Medan.

1.5.2 Practical Benefits

1. For writer

The research will become a valuable resource for learning the menu variation, e-word of mouth, store atmosphere and customer satisfaction in today's F&B business. Besides, the writer can analyze the problems that exist within the café and determine what improvement that can be made, which can help the writer to learn more about customers in general from their characteristics and ways to increase satisfaction.

2. For Thirty-Six café

The research findings will be able to provide information to the company on the influence of menu variation, e-word of mouth and store atmosphere toward customer satisfaction. With the research result, it can become a key analysis to the company on what field they have to improve and what strategy to implement to their business in the future.

3. For future researchers

The research can be used by future researchers as a reference and provide more knowledge of variables of menu variation, e-word of

mouth and store atmosphere and see how they influence customer satisfaction.

