

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

The effects of free trade brought on by the globalisation period will become a phenomenon that the production factors must be maturely prepared to deal with. The ease of entry and exit of commodities, services, technology, and even cultures that might be blended with the native culture of the country in question is made possible by the freedom of trade. In the age of globalisation, trade has an effect on the food industry. In many regions of the world, the food and beverage industry has seen rapid expansion. There are numerous stores that sell food and beverages in various kinds. This occurred as a result of one of a person's basic necessities, which is to eat.

As there are many food businesses competing with each other due to the person's necessities to eat, it inspires restaurant owners to develop innovative restaurant concepts that draw customers in (Store Atmosphere). Because the atmosphere (the entire physical surrounds as well as products with shape) can have an impact on customer behaviour, the atmosphere of the restaurant is crucial. For illustration, go to a restaurant solely to snap pictures of the originality of the restaurant concept to post on social media (Instagram, Facebook, Tiktok).

According to Priyanto (2023), there are many ways to keep customers at ramen shops, including creating an atmosphere where the dining area is as appealing as possible so that visitors feel at home. This will improve your repurchase decision. Because the atmosphere (the actual physical objects in a cafe or

restaurant) can influence patrons' conduct, the ambiance created by the establishment is crucial. Nowadays, customers at cafes and restaurants seek out not only good-tasting food but also a welcoming and comfortable dining atmosphere.

According to research by Kezia, J.E. Sutanto, Moses Soediro, Adrie Oktavio (2023), the atmosphere of the store has a considerable beneficial impact on consumers' intention to make repeat purchases. This implies that the possibility of repeat business increases with the quality of the store atmosphere. This is due to the fact that a welcoming store atmosphere will affect customers' opinions favourably and enhance their desire to make repeat purchases.

Food quality plays a significant effect in determining consumer repurchases, making it possible to predict that as food quality rises, so will consumer decision-making to repurchase it. When people decide which food goods to repurchase, factors including appearance, smell, and flavour become crucial considerations. Moreover, according to Pratama (2018), food quality and store atmosphere have a significant impact on customers' repurchase decision at the restaurant.

Today's culinary industry is very competitive, from small, roadside stores (commonly referred to as stalls) to upscale dining establishments. Each has a unique set of tasty foods to choose from as well as a unique shop or restaurant. Contrarily, consistency in quality due to individual differences in perception, it is quite challenging to accurately and definitively define taste for food. Store atmosphere and food quality are independent variables that can influence the

Consumers repurchase decisions, while repurchase decisions are the dependent variable influenced by store atmosphere and food quality.

The Restaurant Pare House was founded by Chef Lee himself and can be found in Medan at Jalan Burjamhal No.B1-B4. It serves Chinese foods their main cuisine and is not considered as halal because the restaurant sells pork foods. As one of the oldest Chinese food restaurants in Medan, Pare House continues to give an authentic taste for their food, which gives customers a remembrance of Malaysian food whenever they eat at Restaurant Pare House, Medan.

**Table 1.1 Total Sales of Restaurant Pare House (August – December 2023)**

<b>MONTH/2023</b>	<b>TOTAL</b>
August	Rp. 365.000.000
September	Rp. 322.500.000
October	Rp. 319.700.000
November	Rp. 297.000.000
December	Rp. 301.200.000

Source: Restaurant Pare House (2023)

Based on the data above, there has been a significant decrease and slight increase in sales within August to December 2023. This decreased shows decreased sales and customers to dine in at Restaurant Pare House, which allows the restaurant to continue to improve its store atmosphere while maintaining its food quality to keep customers on dining back and repurchase at Restaurant Pare House.

According to Google reviews, there have been concerns from clients concerning the store atmosphere and food quality offered by Restaurant Pare House, Medan:

**Table 1.2 Google Review of Restaurant Pare House, Medan**

Customer	Complaint Description
Richard Liking	Sometimes, it can be hard to find parking.
Elwin Chow	It's just that the atmosphere is very hot and noisy.
Rudy VMS	Too much flavouring.
Jerrywaty	The paikut curry is not good.. the meat is already rotten.
Zhu Sari	Only for tilapia it smells a bit. Cun kien is less fresh.

Source: Prepared by Writer (Google Review)

The review is about the store atmosphere, food quality, and the consumer's decision whether to come back dine in again or not, which the consumer said that the parking is hard to find, hot and noisy atmosphere and based on the complaint said the taste of food is not good, rotten, smells bad, and not fresh.

**Figure 1.1 Parking Lot of Restaurant Pare House, Medan**

Source: Prepared by Writer (2023)

My impression from my visit to Restaurant Pare House, Medan is that it has a classic Chinese restaurant vibe that has less and simple decorations. This is due to the fact that the use of tables, chairs, and surroundings is similar just like the

ones in people's houses that makes me think we're eating inside our house. However, as shown from the figure 1.1 that I took, I felt that the parking lot outside the restaurant uses a lot of space for each car and hence, it can only fit for several cars only, despite the restaurant's space that is big.



**Figure 1.2 Fried Eggplant and Sweet and Sour Fish from Restaurant Pare House, Medan**

Source: Prepared by Writer (2023)

In addition, the main cuisine is flavourful, with the steamed stingray fish having a particularly tasty and flawless texture. However, I felt that the foods that are served by Restaurant Pare House, Medan, like the fried eggplant as well as the sweet and sour fish as shown on figure 1.2 above are lacking of colourful garnish so that it won't look bland and may stimulate my eating appetite. For this reason, people who dine in for the first time might think it's not worth it given the food quality.

In light of the information gathered, the author is considering conducting a study on **“The Influence of Store Atmosphere and Food Quality towards Customer Repurchase Decision at Restaurant Pare House, Medan.”**

## **1.2. Problem Limitation**

The author solely focuses on variable X1, store atmosphere, using indicators like exterior features as they have a big impact on the store's image, general interior in attracting after-sale customers to a business, store layout when choosing a location for a store and its amenities, and the exhibition of interior points of interest in a room. The food quality will be the variable X2. Its indicators include food freshness that is about the food's texture, flavour, scent, and presentation, serving food that has been adjusted to the interesting colour arrangement in order to stimulate appetite, and well-prepared food that will be provided to customers or consumers should be prepared or processed in a good and hygienic manner.

While variable Y represents the repurchase decision and includes indicators such as the consumer's trust in the market, changing expenses, as well as the communication through word-of-mouth. Restaurant Pare House at Jalan Burjamhal No.B1-B4 in Medan, Sumatera Utara, Indonesia, is the subject of this study as this study is limited in this place. This study will be conducted from July to November of 2022 due to schedule restrictions.

## **1.3. Problem Formulation**

In light of the from the background stated above, the author states the problem as follows:

- a. Does the store atmosphere have a partial influence towards customer repurchase decisions at Restaurant Pare House, Medan?

- b. Does food quality have a partial influence towards customer repurchase decisions at Restaurant Pare House, Medan?
- c. Do store atmosphere and food quality simultaneously have an influence towards customer repurchase decisions at Restaurant Pare House, Medan?

#### **1.4. Research Objective**

The goal of this study is to learn more about the following topics based on how the problem was phrased above:

- a. To see whether the store atmosphere has a partial influence towards customer repurchase decisions at Restaurant Pare House, Medan.
- b. To see whether food quality has a partial influence towards customer repurchase decisions at Restaurant Pare House, Medan.
- c. To determine whether store atmosphere and food quality simultaneously have influence towards customer repurchase decisions at Restaurant Pare House, Medan.

## **1.5. Research Benefits**

The study "The Influence of Store Atmosphere and Food Quality towards Customer Repurchase Decision at Restaurant Pare House, Medan" identified two categories of benefits, namely:

### **1.5.1. Theoretical Benefits**

Theoretically, this study should make a scientific contribution to the advancement of management, particularly hospitality management. The researchers are particularly interested in figuring out whether or not factors like store atmosphere and food quality could affect consumers' repurchase decisions.

### **1.5.2. Practical Benefits**

The following are the practical advantages of this research:

- a. For the authors, the study's findings help enhance understanding of the influence of store atmosphere and food quality on repurchase decisions through the use of management skills learned in college.
- b. The research findings are anticipated by the company to be used as information by Restaurant Pare House, Medan and other restaurant businesses to run their operations and market their goods successfully in the future.
- c. The research can be used by other researchers as a source for scientific publications, a library, and information for other students to advance their understanding of the issues covered.