

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The needs and lifestyles of the Indonesian people have become more diverse due to developments in the contemporary globalization age. Food and drink are the fundamental requirements of the Indonesian people, and they can be produced by cooking or by making them yourself (Niken Nanincova, 2019).

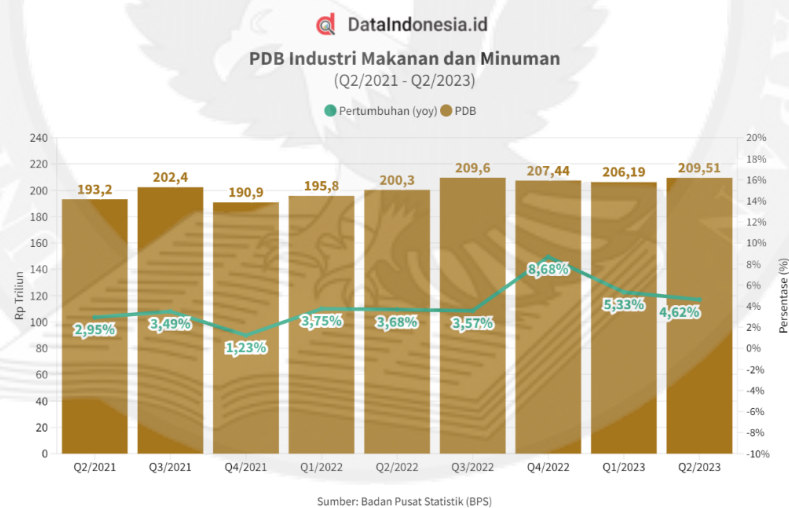


Figure 1.1 Growth of the Food and Beverage Industry in Indonesia

Source: <https://dataindonesia.id/> (2023)

According to the statistical information in Figure 1.1, the food and beverage sector's gross domestic product at constant prices for the second

quarter of 2023 was IDR 209.51 trillion. When compared to the same period one year prior (year on year/yoy) of IDR 200.30 trillion, its value increased by 4.62% (<https://dataindonesia.id/> retrieved in 2023, 26 Aug). Business professionals can use this statistical information to decide whether to start a food and beverage company. The Indonesian Covid-19 epidemic is declining, but the food and beverage sector is still expanding considerably. This offers every businessperson in the food and beverage sector hope since, according to projections from the Ministry of Industry, this sector will be able to equal the growth rates seen prior to the Covid-19 pandemic. However, we can observe a slowdown in the food and beverage industry's growth from the first quarter of 2023 in the second quarter. This issue is brought on by a change in Indonesian consumers' spending habits, where people now place a higher priority on purchasing experiences, such as travel, rather than secondary purchases like food.

Restaurant owner must have a unique plan to draw customers in order to solve this issue. The market is becoming more competitive as a result of societal advancements, which compels restaurant owners to constantly adapt their offerings in terms of fare, service, ambiance, and other factors. Given that so many restaurants now provide the same food, it is extremely likely that the proprietors won't be able to survive in the modern world if they don't take this action. Many competitors make every restaurant try to provide a good experience to customers who visit. When a customer has had a good previous experience, the customer hardly needs further

consideration to return to the restaurant's services. The good experiences experienced by customers indicate that the restaurant has succeeded in creating customer satisfaction. This satisfaction will encourage customers to return to using products or services that customers have used before. The intention to revisit to the restaurant will appear when the customer feels that the product or service the customer has received can satisfy them (Firmawan Adixio & Saleh, 2013).

One of the best Chinese restaurants in Medan is Jade Restaurant, which is located in the JW Marriott Medan, Jl. Putri Hijau No. 10, Medan City, North Sumatra 20111. Customers can visit it easily due to its handy placement in the city's center. Southern Chinese artwork is served in contemporary surroundings by an excellent, authentic Shanghainese and Cantonese culinary crew at Jade Restaurant. Those who love Chinese food will particularly savor the authentic Cantonese dishes and upscale atmosphere of Jade Restaurant. Jade Restaurant also provides the best selection of Chinese tea in the city of Medan, using carefully chosen premium tea leaves imported from Mainland China and other regions of China.

Table 1.1 Restaurant in Medan

No.	Name	Year	Rating	Number of comments on Google Map
1.	Jade Restaurant	2014	4.5	147
2.	Jilong Restaurant	2016	4.6	326
3.	Taipan Restaurant	2012	4.6	975

Source: Google Review (2023)

Table 1.1 shows how fiercely competitive the restaurant industry is in Medan. Therefore, in order for Jade Restaurant to thrive in the restaurant industry, it needs to be able to raise the number of customers who intend to revisit. According to Pratminingsih (2014), the idea of revisit intention derives from behavioral intention, which is why it is crucial to study revisit intention. Revisit intention is a crucial concern for destination managers since it has the potential to boost revenue and cut costs. Reviewing your intentions is essential for profitability and organizational effectiveness.

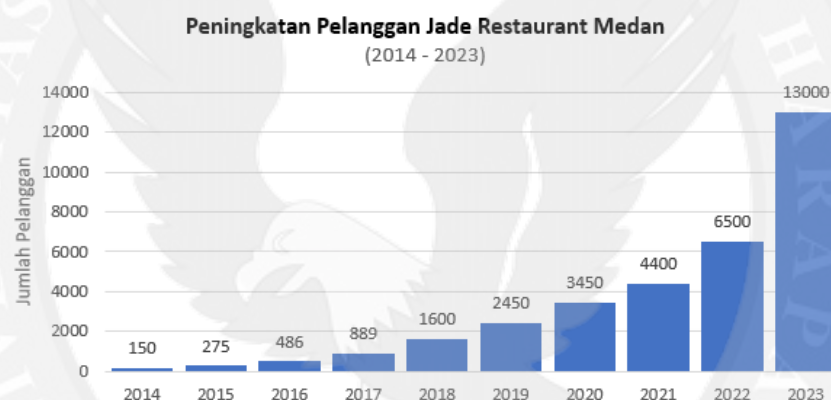


Figure 1.2 Jade Restaurant Medan customers increase from year to year
Source: Google Analytics (2023)

According to Jung et al. (2014), Re-visit intention refers to a customer's desire to go to a location they have already been to. Consumers must consider whether they intend to return and make a purchase after using a product or service. Based on table 1.1, Jade Restaurant Medan was launched in 2014 and there are still very few customers for this restaurant based on Figure 1.2. The number of customers at Jade Restaurant is growing over time, with the largest rise taking place in 2023 as opposed to 2022. This rise is believed to be caused by people getting back to their active lifestyles

and traveling now that the COVID-19 pandemic has stopped. All things considered, the growth in customer at Jade Restaurant Medan indicates that the establishment has persevered in its field for over nine years and that patrons intend to visit the restaurant annually.

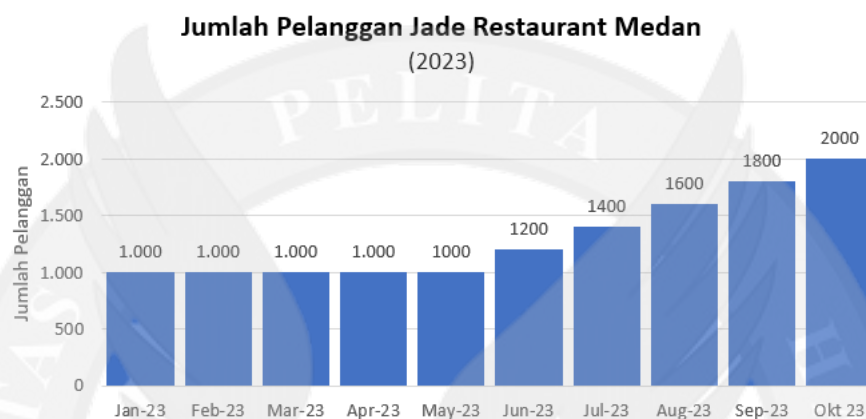


Figure 1.3 Increase in Jade Restaurant Medan customers

Source: Google Analytics (2023)

Figure 1.3 illustrates that between January and October 2023, Jade Restaurant Medan saw a notable rise in customers. Overall, the rise in customers at Jade Restaurant Medan indicates that the establishment has been successful in raising customer satisfaction and encouraging revisit intention. For Jade Restaurant, this is wonderful news because it might lead to higher sales and profitability.

In light of all the issues, Jade Restaurant needs to develop a plan and pay attention to everything in order to achieve customer satisfaction and their intention to revisit. If Jade Restaurant wants to keep their business, it needs to be able to offer greater value. One of them is the food's quality; Jade Restaurant must be able to please its customers by serving food that is both fresh and worthy of the high costs they demand. Jade Restaurant must

take into consideration all of the pricing they charge and be able to set prices that people from various socioeconomic backgrounds may afford. Jade Restaurant must next pay close attention to the level of service, including the manner in which servers communicate with customers and their attitude. Jade Restaurant will be able to achieve customer satisfaction and the revisit intention from its customers by concentrating on all of these issues.

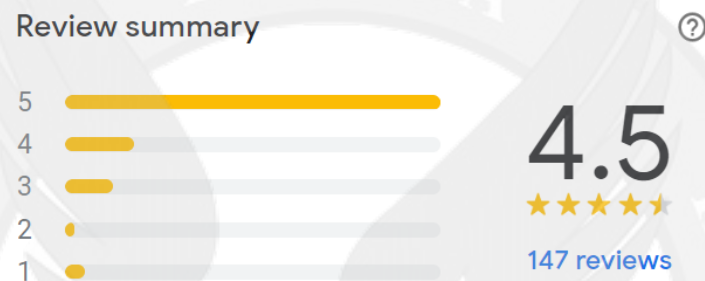


Figure 1.4 Customer Ratings of Jade Restaurant

Source: Google Review (2023)

According to Sunyoto (2015), Consumer satisfaction is one of the factors that influence consumers' choice of retailer. If customers are happy with a product, they are more likely to keep buying, using, and recommending it to others. Figure 1.4 shows that Jade Restaurant has a pretty high rating; customers who give a restaurant a high rating do so because they are satisfied with the establishment. A good rating may indicate that customers enjoy Jade Restaurant's price, atmosphere, service, or food. Jade Restaurant must thus be mindful of a number of variables that may have an impact on customer satisfaction.

Jade Restaurant must pay attention to the smallest details, come up with solutions, and develop business plans in order to satisfy its customers. The level of service that customers receive at Jade Restaurant is one of the

most crucial factors, and the management has established a number of operational standards that must be followed by all employees to ensure a seamless operation and the highest level of customer care. In order to balance customer expectations, service quality involves making an attempt to satisfy customers' wants and desires as well as the accuracy of their delivery (Mahsyar & Surapati, 2020). Customer satisfaction is greatly influenced by quality service, but it is also intimately linked to the business' ability to make money. Customers are more satisfied with the Company's services the greater the service quality they receive (Wibisono & , 2016). According to Suryani (2017), Service quality is the capacity to develop and provide goods or services that meet the needs and expectations of customers while also offering advantages. From the author's perspective, the service is good and courteous, the waiters are prompt in their work, and some even assist perplexed customers in figuring out the menu. Providing high-quality service to customers is actually one of the strategies that food and beverage companies can employ, making it possible to say that service quality is a level of excellence to meet customer demands. To put it another way, the main factors influencing service quality are expected service and perceived service (Montung et al., 2015). Customers are encouraged to form a solid relationship with the firm by the quality of the service they receive (Vieira, 2003).

The following is a figure that shows customer comments about the quality of service at Jade Restaurant.



Figure 1.5 Online Review of Service Quality at Jade Restaurant
Source: Google Review (2023)

The information presented in Figure 1.5 indicates that a majority of customers are content with the level of service received from Jade Restaurant. Many customers are satisfied with the services provided by Jade Restaurant and they find it easy to communicate with the staff. Jade Restaurant must be able to maintain the quality and performance of its employees so that customers remain satisfied and have the intention to visit again. Customer satisfaction is an evaluation that takes place after a transaction, and if it is met, the consumer is likely to want to make another visit, making it crucial for the business (Arie Sulistyawati & Seminari, 2015). Therefore, it is necessary to increase the level of service quality offered by Jade Restaurant so that consumers feel satisfied and ultimately intend to visit again.



Figure 1.6 Jade Restaurant staff service

Source: Google Review (2023)

Figure 1.6 depicts the manner in which servers at Jade Restaurant handle customers. There will always be a staff member at the front of Jade Restaurant to greet guests warmly and courteously. Employees of Jade Restaurant will then clear up and set the table with silverware when customers are ready to eat. Because Jade Restaurant staff members are already trained in standard operating procedures, customers can seek for assistance from them with ease.

The quality of the food is another issue that Jade Restaurant needs to pay attention to. According to Aminudin (2017), Food quality is defined as an effort to satisfy consumer needs and wants, as well as the proper delivery to live up to consumer expectations. Good food must reflect the degree of satisfaction that consumers experience with it, and as a result, the nutritional

value of a product depends on how well its features can satisfy consumer preferences. Food quality can be viewed as an evaluation of the food that a customer who purchases the food will receive; the quality of the food is correlated to the customer's sacrifices, which are roughly equivalent to the food that the consumer will receive (Basith et al., 2014). Consumers can evaluate the quality of food after purchasing and tasting it at a restaurant, at which point they can compare it to the costs incurred or with similar restaurant meals they have previously tried (Binaraesa et al., 2021). The restaurant works hard to deliver goods that live up to and even above consumer expectations for the food and beverages it offers customers in order to foster contentment and a desire to return (Komala et al., 2019). Both parties will profit if the meal is of high quality; the restaurant will enjoy a positive reputation and make money off of it, and the consumer will be satisfied as they should be (Wijaya, 2017).

Below are some reviews about the quality of the food at Jade Restaurant



Figure 1.7 Online Review of Food Quality at Jade Restaurant

Source: Google Review (2023)

Figure 1.7 illustrates how the clients at Jade Restaurant feel about the cuisine they are served. Even though the majority of reviews are excellent and compliment the restaurant's cuisine, Jade Restaurant should still be able to

achieve much higher levels of customer satisfaction because satisfied customers are much more likely to plan to revisit. Jade Restaurant needs to be able to continuously deliver high-quality food made with fresh ingredients in order to guarantee customer satisfaction. Food that has a flavor that meets or surpasses customer satisfaction is considered to be of high quality, and when ingested, it has a beneficial impact since it provides the body with the nutrients it requires (Carolina, 2019).



Figure 1.8 Food from Jade Restaurant
Source: Google Review (2023)

A few dishes from Jade Restaurant are displayed in Figure 1.8. It is evident that Jade Restaurant displays their food in an enticing way to pique consumers' interest and encourage them to place an order. In addition, the cuisine at Jade Restaurant has a very fragrant and alluring aroma, which piques guests' curiosity and encourages them to place an order.

In addition, the atmosphere has an impact on customers' pleasure and likelihood to return. According to Kotler & Keller (2016), An atmosphere is a prepared setting that appeals to the target audience and can encourage customers to make purchases. Customers' emotions or moods can be influenced by the environment of a store, which might result in the decision to make a purchase. One of the key elements in a restaurant that will help it draw in more guests and increase customer satisfaction is the environment, which can also be referred to as the store atmosphere (Bujisic et al., 2014). Businesses undoubtedly want their customers to revisit. As a result, there are strategies that can be employed to keep customers coming back, one of which is to enhance the atmosphere of the store. Consumers think about an inviting atmosphere when selecting whether to return. In fact, many consumers prefer to eat at a certain café because they like the atmosphere of the establishment (Yolanda & Rahmidani, 2020). Because store atmosphere is now taken into account when someone visits a restaurant or café, it is no surprise that restaurateurs compete and strive to provide the finest experience possible to customers by fusing innovation and creating a lively setting (Suchahoyo et al., 2021).

Below are some photos of the interior and exterior design of Jade Restaurant



Figure 1.9 The Exterior and Interior Design of Jade Restaurant Medan
Source: Google Review (2023)

Before entering the restaurant, we can notice a green Jade Restaurant signboard on the left wall of Figure 1.9, which depicts the entrance. Chinese ornaments of all kinds, including the traditional Chinese designs on the grille at the entry, are used to embellish the restaurant. Customers find the interior design and lighting to be quite appealing, and the entrance, which is always open, entices them to peek inside. As for the interior, Jade Restaurant is stacked with Chinese-inspired teapots, statues of Chinese deities, and rows of clay pottery teapots used to make tea. The interior, containing teapots and cups, is quite traditional and beautiful with a hint of Chinese ornamentation that gives a more luxurious look to the atmosphere. Jade Restaurant's dining room is given a more luxurious look through its lighting, which combines lanterns and decorative lamps to give the building a traditional yet contemporary look. Apart from that, setting and cleaning the table also gives off a luxurious impression which will certainly make guests feel comfortable so they can enjoy their food and of course feel satisfied. Jade Restaurant uses a mix of classic and modern Chinese restaurants with a contemporary style, private space. Jade Restaurant imitates the grandeur

of the palaces of Chinese emperors and combines the characteristics of Beijing Hutong. Supported by gray brick pillars and wooden pillars made from Beijing sand. Events can be held in a private area because it is equipped with its own karaoke machine.

We can see from the images up top that Jade Restaurant's interior design is highly opulent and consistent. Gaining customer satisfaction and the intention of its clients to return is unquestionably a benefit for Jade Restaurant. On the other hand, Jade Restaurant must also be able to create a comfortable environment for its customers to dine in. Customer satisfaction is greatly influenced by the environment, which has a big impact on both their good and negative feelings.

However, there are several comments from customers regarding the interior and design of the Jade restaurant



Figure 1.10 Online Review of Atmosphere at Jade Restaurant

Source: Google Review (2023)

Customers were astounded by the interior design of Jade Restaurant, according to their reviews on Figure 1.10. The most crucial factor in determining how satisfied customers is and the likelihood that they will visit Jade restaurants again is comfort. Jade Restaurant needs to give its customers greater comfort because, as we all know, it wants to keep its

opulence intact to draw in business. One way to do this would be to keep using an eye-catching but modestly ostentatious interior design.

The next thing that influences customer satisfaction and customers' intention to return is Other Customers. According to Brocato et al. (2012), Other customers are clients who are concurrently at the service facility and are unfamiliar with the focus client, hence there isn't always interaction between them. Many services require the presence of other customers, which means that during the service experience, customers automatically affect one another (Baker & Kim, 2018). The literature has emphasized that customer interaction in service settings is a critical component of the service experience and a factor in determining customer satisfaction and a customer's inclination to use a certain service provider again Yoo et al. (2012). Additionally, customers' assessments of other customers are significantly influenced by their public behavior and the amount of noise they make (Rusnock & Bush, 2012).

Based on the author's experience when visiting Jade restaurant and meeting other customers, almost all of them gave a good impression. Other customers even wear nice and formal clothes for dinner at Jade restaurant. However, if we go in the morning for breakfast, quite a few customers who live in the hotel above come downstairs only wearing pajamas to have breakfast at this restaurant. Things like this are beyond Jade Restaurant's capabilities, because they can't force other people to wear what they wear. But at least, Jade restaurant can set rules such as "no pajamas/slippers", or

even make rules such as "must wear formal clothes", where quite a lot of restaurants have set policies like this for the comfort of their customers. Because one customer's view of another customer can influence the customer's view of the restaurant's policies and will influence the customer's intention to revisit.

Apart from that, there were several customers who also commented about other customers.

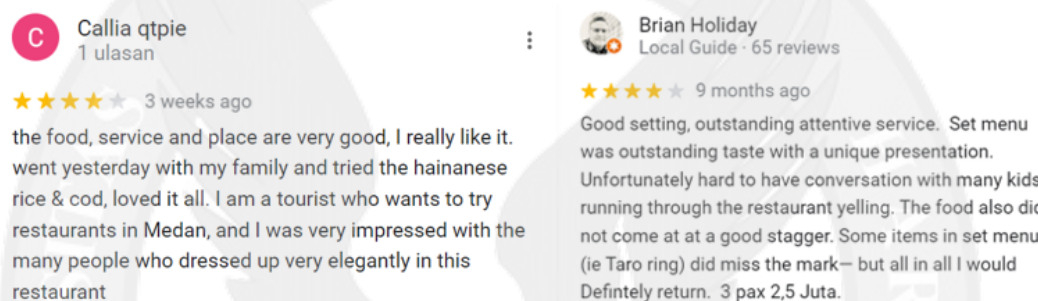


Figure 1.10 Online Review of Other Customers at Jade Restaurant
Source: Google Review (2023)

Although we are all aware that Jade Restaurant is not at blame, it would be preferable if Jade Restaurant could resolve this issue for the benefit of its customers when they are dining there. In order to receive positive feedback from its customers, Jade Restaurant must be able to put their comfort first. Customers' satisfaction will result in their intention to return to Jade Restaurant. Mardikaningsih & Darmawan (2021) contends that when customers have a positive experience from a previous visit, they are likely to return without much thought. The Jade Restaurant's options were limited in scope, but its waiters could gently correct either the parents or the children of the affected parties. When they criticize, they should do so with respect and consideration for other visitors. By doing this, Jade

Restaurant can gain value because it prioritizes the comfort of its customers while remaining polite.

Price has the least impact on consumer satisfaction and inclination to revisit. Because consumers believe that a product's price must be in line with the quality of the one, they receive, pricing is one of the pull variables that is thought to have an impact on customer satisfaction. According to Armstrong (2021), Price is the sum of money paid for a good or service, or the value exchanged by customers for the advantages of owning or utilizing it. Although there are differences in consumer experiences in different situations, the role of price in influencing consumer attitudes and behavior is normal in the restaurant industry. Price variations in the restaurant industry tend to influence customer expectations, evaluations, and decision-making (Polas et al., 2022). Customers will be more satisfied and more likely to return to a full-service restaurant if they have favorable price perceptions about the cost and value of the food offered their relative to rival establishments (Oktavio et al., 2023). Restaurants must charge clients a suitable amount; high or low prices are relative terms. In order to ensure that the prices established by the restaurant are not excessive, it is necessary to first compare them to those of comparable resorts. In other words, restaurants must always keep an eye on the pricing set by their competitors.

Table 1.2 Comparison of restaurant food prices in Medan

Number	Restaurant	Outlet	Price Range
1.	Jade Restaurant	1	Rp. 18.000 – Rp. 1.358.000
2.	Jilong Restaurant	1	Rp. 15.000 – Rp. 1.928.000
3.	Taipan Restaurant	1	Rp. 20.000 – Rp. 2.038.000

Source: Google Review (2023)

It is evident that Jade restaurant has the lowest pricing range when compared to other restaurants. Even with this pricing range, some customers believe that Jade restaurant's costs are too high for various demographics, particularly young people. If Jade restaurant wants to keep charging these prices, at the very least they need to be able to feed their guests with food that is worth the money they spend, making them satisfied and likely to come back. The good news is that clients can choose cuisine based on their budget thanks to the menu's variety.

As a result, the author made the decision to investigate whether service quality, food quality, atmosphere, other customer, and price could influence customer satisfaction and revisit intention. **"The Influence of Service Quality, Food Quality, Atmosphere, Other Customers, and Price towards Customer Satisfaction and Revisit Intention at Jade Restaurant in Medan"** is the title of the thesis in which the author will present the findings of this investigation.

1.2 Problem Limitation

The following limits are specified by the author to help this research be more focused:

1. Customer satisfaction and intent to return are the dependent variables in this study, which will also focus on a number of independent variables such as service quality, meal quality, atmosphere, other patrons, and price.
2. The Jade Restaurant in Medan provided the research team with its data.

3. A questionnaire created in accordance with the research object is used to gather the data that will be utilized to test the research model.
4. The samples for analysis must meet a number of requirements, including being male or female, between the ages of 18 and 60, residents of Medan, having eaten and drunk there directly (dine in) at least twice in the previous year at Jade Restaurant, and having purchased and tried food elsewhere other than Jade Restaurant in the previous three months.

1.3 Problem Formulation

The goal of this research is to analyze how Customer Satisfaction and Revisit Intention are influenced by Service Quality, Food Quality, Atmosphere, Other Customer, and Price. Consequently, the following is a formulation of the issues raised by this study, which aims to provide answers to the following questions:

1. Does service quality significantly influence customer satisfaction at Jade Restaurant Medan?
2. Does food quality significantly influence customer satisfaction at Jade Restaurant Medan?
3. Does atmosphere significantly influence customer satisfaction at Jade Restaurant Medan?
4. Does other customer significantly influence customer satisfaction at Jade Restaurant Medan?

5. Does price significantly influence customer satisfaction at Jade Restaurant Medan?
6. Does customer satisfaction significantly influence revisit intention at Jade Restaurant Medan?

1.4 Objective of the Research

Here are a few goals of this study based on the problem identification suggested in the preceding point:

1. To determine whether service quality significantly influence customer satisfaction at Jade Restaurant Medan.
2. To determine whether food quality significantly influence customer satisfaction at Jade Restaurant Medan.
3. To determine whether atmosphere significantly influence customer satisfaction at Jade Restaurant Medan.
4. To determine whether other customer significantly influence customer satisfaction at Jade Restaurant Medan.
5. To determine whether price significantly influence customer satisfaction at Jade Restaurant Medan.
6. To determine whether customer satisfaction significantly influence revisit intention at Jade Restaurant Medan.

1.5 Benefit of the Research

In both theoretically and practically, the author hopes that this research work can be useful.

1.5.1 Theoretical Benefit

Theoretically, the findings of this study can be utilized as supplementary data and as a guide to conduct additional research on service quality, food quality, atmosphere, other customers, and price towards customer satisfaction and revisit intention.

1.5.2 Practical Benefit

This research will be advantageous not just on a theoretical level but also practically. The author, Jade Restaurant Medan, and other researchers will all benefit from this study's added knowledge.

- a. In order for Jade Restaurant Medan to become a cafe with high levels of satisfaction and revisit intention in the future, the findings of this research can assist Jade Restaurant Medan in the provision of additional information and as material for consideration in making decisions related to the service quality, food quality, atmosphere, other customers, and price.
- b. For the writer, learning about the relationship between service quality, food quality, atmosphere, other customers, and price towards customer satisfaction and revisit intention is important.
- c. This study may be used by other researchers as a guide, starting point, or informational source for those who are interested in conducting research using comparable factors.