

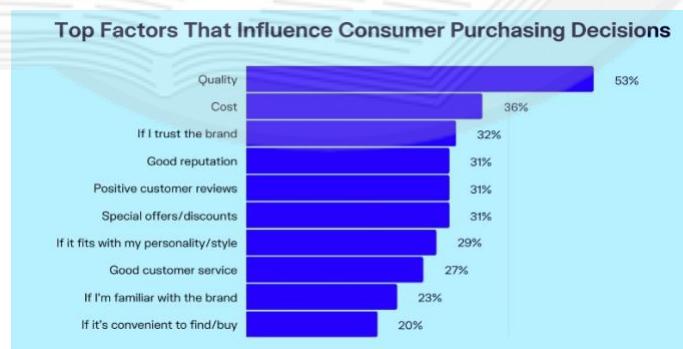
## CHAPTER I

### INTRODUCTION

#### 1.1. Background of the Study

Cafes and restaurants, regardless of their location in vibrant urban areas or tranquil rural landscapes, together aspire to achieve prosperity and growth. The foundation of their success is rooted in their ability to not only attract customers to their establishment but also to establish enduring connections with people who appreciate their products or services. (Bivoltsis et. al., 2019)

Within the worldwide culinary sector, a fiercely competitive landscape prevails, wherein the acquisition of consumer purchasing decisions plays a pivotal role in attaining success. The significance of understanding the intricate network of factors that influence repurchase intention cannot be overstated. The criteria encompass a diverse array of elements, including the quality of food and service, the ambiance and environment in which the eating encounter occurs, and the online reputation and endorsements disseminated via digital channels.



**Figure 1.1. Top Factors That Influence Consumer Purchasing Decisions**  
Source: Oberlo.com (2023)

According to the data from Oberlo.com (2023), which is shown in figure 1.1, every individual factor has a significant role in influencing the decision-making process of customers. The success of any cafe or restaurant hinges on its ability to attract and retain customers (de Larrea et. al., 2019). In this context, understanding the factors that influence repurchase intention is crucial for the long-term sustainability and profitability of food establishments. The present study investigates three key factors, namely Electronic Word of Mouth (eWOM), Service Quality, and Physical Environment, and their impact on Repurchase Intention at Austin Cafe Resto.

**Table 1.1. Review from Customers**

<b>Name (Initial)</b>	<b>Rating and Time</b>	<b>Statements</b>	<b>Variable</b>
MB	1 star 1 year ago	Order food from 6.30 p.m. Until jam 7.45 pm. Not even one Vegetables were served. It's very bad. Just waiting for food for a long time.	Electronic Word of Mouth
CC	2 stars 8 months ago	The wait was excruciatingly long, coupled with the poor service	Electronic Word of Mouth
TP	2 stars 1 year ago	The overall experience was very bad	Electronic Word of Mouth
AH	1 star 9 months ago	The service is terrible, long and unprofessional	Service Quality
KK	2 stars 5 months ago	Not enough waiters	Service Quality
WD	2 stars 1 year ago	Employee menu knowledge is still low.	Service Quality

CK	3 stars 3 weeks ago	The room is small so the atmosphere in the place is It's quite noisy.	Physical Environment
FI	1 star 1 year ago	Closed but not marked as closed	Physical Environment
IB	2 stars 8 months ago	Quite noisy for the restaurant.	Physical Environment

Source: Google Review (2023)

The repurchase intention challenge at Austin Cafe Resto is rooted in several issues affecting different aspects of customer engagement. Transactional interest is compromised due to prolonged waiting times and subpar service. This leads to customer hesitancy in considering future transactions with the restaurant. Referential interest is negatively influenced by widespread discontent expressed in customer reviews, potentially deterring both existing and potential customers. Explorative interest, characterized by the search for unique dining experiences, is constrained as negative reviews diminish the restaurant's appeal. Overall, these issues collectively contribute to a decline in repurchase intention, highlighting the need for targeted solutions to address specific aspects affecting the repurchase intention.

Electronic Word of Mouth (eWOM) problems at Austin Cafe Resto arise from customers expressing negative experiences. The depth of evidence in the use of strong language, including phrases like "excruciatingly long waiting times," "terrible service," and an "overall bad experience." The prevailing sentiment is overwhelmingly negative, as reflected in consistently low customer ratings. eWOM content contains long wait times and an overall lack of positive

experience. When disseminated through online platforms or word of mouth, these negative sentiments significantly impact the customers' repurchase intention.

The service quality issue at Austin Cafe Resto encompasses various dimensions, including reliability, responsiveness, and empathy. Customers expressed terrible service, citing issues such as unprofessionalism, lengthy waiting times, and a lack of employee knowledge about the menu. These factors contribute to a perception of unreliability, where customers question the dependability of the restaurant to deliver a dining experience. Poor responsiveness, indicated by slow service and insufficient waitstaff, further contributes to the negative evaluation. Additionally, a lack of empathy, demonstrated through unprofessional behavior and inadequate menu knowledge, exacerbates the low service quality of the restaurant's that lead to lower customers' repurchase intention.

Physical environmental problems at Austin Cafe Resto revolve around noise levels and potential miscommunication about the restaurant's status. Accessibility issues are implied through customer complaints about a small room size, leading to a noisy atmosphere. Indicators of sound and sight contribute to an undesirable ambiance, impacting the overall dining experience. The mention of the restaurant being closed but not appropriately marked raises concerns about operational communication, affecting the place's perception. These physical environmental challenges, when not addressed, contribute to a less inviting atmosphere, potentially deterring customers from enjoying their dining experience and influencing their overall assessment of the restaurant.

According to data from Google Review (2023), which is shown in Table 1.1., Austin Cafe Resto has received unfavorable reviews and consumer complaints on the aspects of electronic word of mouth, service quality, and physical environment through online media. Therefore, these issues need to be addressed to enhance customer repurchase intention.

The Electronic Word of Mouth (eWOM) is a prominent element in today's digital age. In the era of social media and online reviews, customers often rely on electronic word of mouth when making dining decisions. The study explores the association between eWOM and Repurchase Intention, aiming to uncover how customer-generated online content influences the likelihood of customers revisiting Austin Cafe Resto. While the cafe has not consistently harnessed the power of eWOM, it is expected that positive reviews and recommendations can significantly influence customers' intentions to repurchase (Muslizar & Saraswati, 2022).

Service quality can be defined as the degree to which a service exhibits exceptional or superior performance in meeting or exceeding client expectations. This encompasses all aspects of service provision and the comprehensive experience of the clientele. (Lin et. al., 2021).

The physical environment includes the spatial organisation of tables, chairs, and seating places within the establishment. The factors to be taken into account encompass various aspects, such as the arrangement of tables with appropriate spacing, the incorporation of diverse seating options including booths, bar stools, and outdoor dining, as well as the efficient movement of both customers and personnel within the establishment. An optimal arrangement has the potential to

improve the level of comfort and convenience experienced by patrons. (Ling et. al., 2023).

According to Amalia (2019) eWOM, service quality and physical environment simultaneously influence consumer repurchase intention. Understanding the interplay of these factors Electronic Word of Mouth, Service Quality, and Physical Environment with Repurchase Intention is essential for Austin Cafe Resto's success. By addressing these aspects effectively, the cafe can enhance repurchase intention, encourage repeat business, and secure its place in a competitive food service industry. This research aims to shed light on the strategies and improvements required to optimize these factors for the benefit of both the cafe and its valued patrons.

Based on the competitive landscape of the culinary industry and the crucial role of customer repurchase intention, this study proposes to examine **"THE INFLUENCE OF ELECTRONIC WORD OF MOUTH, SERVICE QUALITY, AND PHYSICAL ENVIRONMENT TOWARD REPURCHASE INTENTION AT AUSTIN CAFE RESTO."**

## **1.2. Problem Limitation**

Due to author limitations, this study is limited to the consumers of Austin Cafe Resto in the city of Medan, Indonesia. Consequently, the findings will be constrained to the perceptions of these specific customers. The duration of the survey period for this study spanned a period of two weeks.

This study will incorporate three independent variables, such as electronic word of mouth (X1), with indicators of intensity, valence of opinion, and content. Service quality (X2) with indicators of reliability, responsiveness, and empathy. Physical environment (X3) with indicators of accessibility, sound, sights, and place. One dependent variable is repurchase intention (Y), with indicators of transactional interest, referential interest, and explorative interest.

### **1.3. Problem Formulation**

Problem formulation for this research can be shown below.

1. Does electronic word of mouth have an influence on repurchase intention?
2. Does service quality influence repurchase intention?
3. Does the physical environment have an influence on repurchase intention?
4. Does electronic word of mouth, service quality, and physical environment have an influence towards repurchase intention?

### **1.4. Objective of the Research**

The objective of the research aims to:

1. To examine whether electronic word of mouth has a significant influence on repurchase intention at Austin Cafe Resto.
2. To examine whether service quality has a significant influence on repurchase intention at Austin Cafe Resto.
3. To examine whether the physical environment has a significant influence on repurchase intention at Austin Cafe Resto.

4. To examine whether electronic word of mouth, service quality, and physical environment will simultaneously affect repurchase intention at Austin Cafe Resto.

## **1.5. Benefits of the Research**

### **1.5.1. Theoretical Benefits**

The primary theoretical advantage of this study is its contribution to the advancement of knowledge regarding the intricate relationship between electronic word of mouth, service quality, and physical environment in the realm of repurchase intention within the food service sector. Through an examination of these variables and their impact on the likelihood of customers returning to Austin Cafe Resto, this research makes a valuable contribution to the current scholarly literature in the fields of marketing, hospitality, and consumer psychology. The results of this study can be utilised as a conceptual foundation for future investigations and contribute to the enhancement of current ideas pertaining to customer loyalty and satisfaction within the international restaurant sector.

### **1.5.2. Practical Benefits**

The research findings have practical implications for Austin Cafe Resto and other food establishments that aim to improve their long-term sustainability and profitability. The findings derived from this research can be utilised in practical contexts to develop efficacious approaches for enhancing customer experiences and fostering a higher likelihood of repeat purchases. The research findings can be



utilised by cafe and restaurant owners, managers, and stakeholders to make educated decisions pertaining to the enhancement of service quality, management of internet reputation, and improvement of the physical environment. Ultimately, the pragmatic advantage seeks to provide guidance to firms in maximising their operational efficiency and establishing a devoted client base, leading to enhanced financial gains and triumphs in a fiercely competitive market.

