

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

In the current era of globalization, the food and beverage industry, particularly restaurants and cafés are expanding and adapting rapidly in its role of meeting basic human needs. According to Wijaya (2019), the food and beverage industry has become extremely competitive due to an understanding of basic human needs. In Indonesia, the food and beverage business has grown significantly in line with changes in people's lifestyles, making the food and beverage business increasingly promising. This proves that consuming food for people today is not only to meet basic needs but also to meet tertiary needs, which are a lifestyle.

Nowadays, cafes are becoming popular as they become new trends and lifestyles for people of all ages. As times have changed, people love to spend their time at cafes chatting, chilling out, taking photos, doing assignments, and meeting for business purposes. Cafes provide people with comfort and a great atmosphere for both formal and informal situations. However, these days, people tend to choose a café depending on how attractive and fancy the place is. Numerous recently opened cafés can be found, and many people use them for a variety of reasons.

Recognized as the fourth largest city within the Republic of Indonesia (Liputan6.com, 2023), Medan is a city that has tons of exciting potential for the food and beverage business.

**Table 1.1 Total population of Medan City based on district and gender**

Wilayah	Jumlah Penduduk Kota Medan Menurut Kecamatan dan Jenis Kelamin Laki-Laki+Perempuan			
	2022	2021	2020	
	1	Medan Tuntungan	97.249	98.561
2	Medan Johor	151.756	154.096	156.957
3	Medan Amplas	129.726	130.882	132.458
4	Medan Denai	169.643	171.908	174.744
5	Medan Area	117.029	118.710	120.788
6	Medan Kota	84.666	85.563	86.738
7	Medan Maimun	49.231	50.063	51.066
8	Medan Polonia	59.915	60.389	61.056
9	Medan Baru	36.522	36.545	36.681
10	Medan Selayang	103.176	103.208	103.559
11	Medan Sunggal	129.063	130.193	131.741
12	Medan Helvetia	164.910	166.332	168.287
13	Medan Petisah	71.844	72.587	73.565
14	Medan Barat	88.602	90.156	92.021
15	Medan Timur	116.985	117.314	118.008
16	Medan Perjuangan	103.813	104.432	105.380
17	Medan Tembung	146.534	147.209	148.346
18	Medan Deli	189.321	190.822	192.933
19	Medan Labuhan	133.765	135.589	137.863
20	Medan Marelan	182.515	186.391	190.940
21	Medan Belawan	108.987	109.908	111.181
<b>Kota Medan</b>		<b>2.494.512</b>	<b>2.460.858</b>	<b>2.435.252</b>

Source: *Badan Pusat Statistik Kota Medan 2020-2022*

Based on the table above, the population growth rate in Medan City, Indonesia over the period 2020-2022 has continued to increase from year to year. The population in 2020 was 2.435.252 and become 2.494.512 in 2022. This population growth is one of the potential opportunities for entrepreneurs in the food and beverages industry to market their various food variants by running a café or restaurant. According to Antaranews.com (2023), the Indonesian Ministry of Industry has predicted that the food and beverage sector will expand by 5% to 7% in 2023. The tight competitive conditions make consumers very prone to change so every business is required to be able to follow the changing needs of consumers continuously in order to survive in the long term.

As the lifeblood of any business, customers play a pivotal role in generating revenue. Therefore, prioritizing customer acquisition and retention should be a fundamental aspect of a company's strategy. One effective approach to attract and engage customers is by elevating their dining experience, exceeding their expectations, and fostering their overall satisfaction. As cited by Suyono (2020), according to Kotler and Keller (2009), a person's satisfaction or dissatisfaction stems from a contrast between their expectations or perception of the performance and outcomes of a product. By maintaining and providing satisfaction to consumers, they will tend to repurchase the products they have consumed (Suyono, 2020). The quality of the food and service plays a major role in determining customer satisfaction in the food and beverage industry.

According to Zhong & Moon (2020), Hanaysha (2016) stated that food quality encompasses a variety of elements, such as freshness, healthfulness, diversity of menu options, presentation, and flavor. A crucial marketing tactic that can keep and satisfy customers while giving them a positive purchasing experience is offering high-quality food.

Service quality refers to all actions taken by the company to raise the standard or quality of service to satisfy customers and meet their needs and expectations (Moha and Loindong (2016) in Angelika & Lego, 2021). As cited by Ali et al. (2021), providing excellent service quality that satisfies customers is essential to maintaining a competitive advantage (Anwar & Ghafoor, 2017). How well the level of service provided meets the expectations of the customer is the key

to measuring service quality. Each cafe has unique features that it focuses on and a set of standards for the quality of the services it provides.

As cited by Lau (2022), Munshi (2018) stated that utilizing atmospherics can be an approach to differentiate a store from its rivals, encouraging customers to spend more time and money and, as a result, turning them into loyal consumers of a certain retail company. In the context of a café, the important function that the ambiance and overall atmosphere play is equally critical. The concept of physical environment refers to all features of the café, both tangible and intangible, such as temperature, lighting, scent, noise level, atmosphere, and background music (Hanaysha, (2016) in Zhong & Moon, 2020).

The research object used is HIBIKI Japanese Bowl & Coffee, a Japanese-inspired cafe located at Jl. Multatuli Raya Blok-FF No.24 in Medan, Indonesia. Hibiki is known for its wide variety of Japanese dishes, including rice bowls, sushi, and pasta, and a beautiful and relaxing interior with a Japanese-inspired design. It is a popular dining spot and has a rating of 4.6 stars on Google Reviews. With operating hours from 12:00 to 21:00 WIB, multiple payment options, and convenient parking.

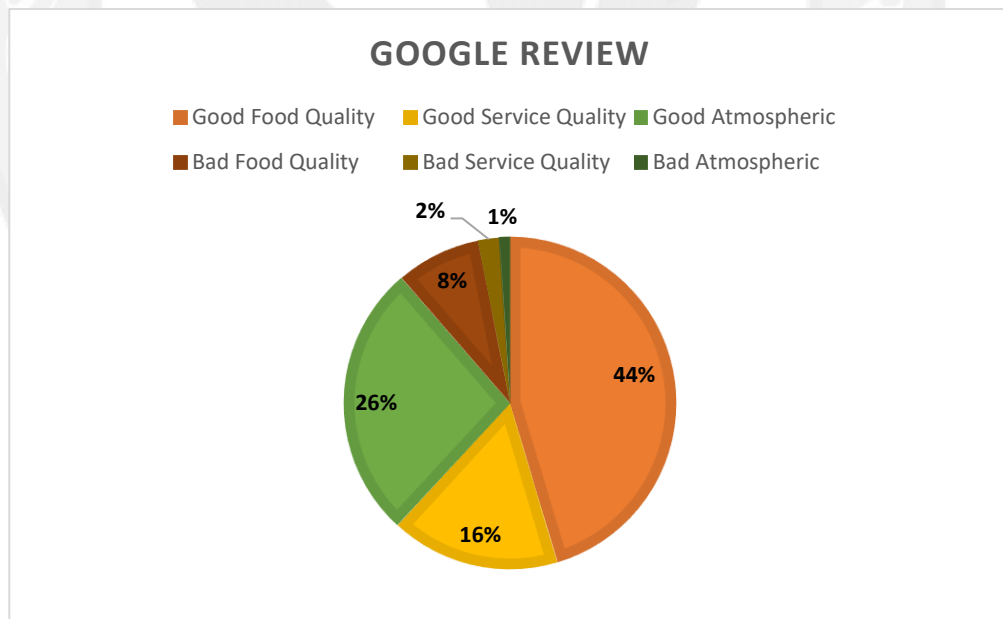
Online research has been conducted by the writer, analyzing Google reviews of Hibiki Japanese Bowl & Coffee, Multatuli Medan to evaluate the food quality, service quality, and atmospheric. A total of 169 out of 214 comments from Google reviews spanning 2021 to 2024 were considered. The findings indicate that 44% (76 reviews) praised the food quality, while 8% (14 reviews) criticized it. Regarding

service quality, 16% (28 reviews) were positive, and 2% (4 reviews) were negative. Additionally, 26% (45 reviews) of the reviewers appreciated the ambiance, while 1% (2 reviews) criticized it. The details of the ratings in Google reviews regarding food quality, service quality, and atmospheric are presented in Table 1.2 and Figure 1.1.

**Table 1.2 Percentage of Google Review in Table Form**

Google Review	Percentage	Number of Reviewer	Total: 169 out of 214 Reviews
Good Food Quality	44%	76	
Bad Food Quality	8%	14	
Good Service Quality	16%	28	
Bad Service Quality	2%	4	
Good Atmospheric	16%	28	
Bad Atmospheric	1%	2	

Source: Google Review



**Figure 1.1 Percentage of Food Quality, Service Quality, and Atmospheric at Hibiki Japanese Bowl & Coffee in Google Review**

Source: Google Review

Table 1.3 Google Review of Hibiki Japanese Bowl &amp; Coffee Multatuli Medan

Total reviews: 214 Ratings: 4.6			
Rating	Total Person per Rating	Initial Name (Year)	Comments
1	5	BT (2023)	Just entered and was rejected by the waiter saying it was full...even though the time was just before 8pm. I politely asked if anyone was about to finish, we could wait a moment, but then the answer was “no ma'am...everyone just started eating”. Just after he said that I saw 2 people walking out, which meant there’s a table for us. But the waiter remained silent. Only then came another waiter and offered the available place. To the owner, please pay attention to how the staff works. It's really disappointing. The food is also normal for a fairly expensive price. There is nothing special that can make me come back again.
		ZG (2022)	The employees are too arrogant and there is no ethics and good service, they differentiate between customers, especially with online motorcycle taxis, not offering them a seat, or even a smile.
		RDS (2023)	The employees are too arrogant.
2	2	YY (2021)	Actually, I want to give 5 stars rating, but there are eggshells in the food I eat. So far, it's really NOT RECOMMENDED.
		YA (2021)	The food is very bad, and the price is very expensive, not worth it.
3	14	NO (2022)	In my honest opinion, I like the minimalist wooden atmosphere of the cafe, maybe this is suitable as a place for a chit chat. But, in terms of food prices, this restaurant is quite expensive, and the taste is also so-so. Not really special for food and beverage. Sorry, just being honest
		JN (2023)	Truffle chicken karaage, the truffle is not thick, so it doesn't taste like it, it tastes more like sweet mayonnaise. The black truffle rice also doesn't taste like truffle. It's a bit different from a few months ago when I came here.
		F (2022)	I love the interior which seems simple and comfy. Friendly staff. I recommended for the Hibiki Truffle Gyudon here (high quality beef, juicy, tender and savory) but unfortunately the Aburi Salmon Mentai tasted is not as good as the beef (it tasted plain, the meat it's small portion and I only have omelet as the rice bowl topping, so I think it's not worthy for IDR 95,000).



		SR (2023)	Local taste wrapped in Japanese food marketing, the taste is average, the place is ok. Repeat order? Maybe no.
4	37	GRF (2022)	Pros: nice decor cafe style, price reasonable for Japanese foods, suitable for couple or teenagers, snacks food, quick bowls Cons: service is slow and unattended, food is average taste ( <i>furikage</i> taste), asked for chili but provide Indonesia chili sauce instead of Japanese chili powder. Food is covered with mayonnaise so can't taste any truffles. This cafe styles suit for teenager's hangout with finger food or quick meal and drinks.
		AL (2023)	If it's weekend, it's better to make a reservation first. Because the place is not spacious, even though there are two floors. Even if you get it, the time is limited. The ambience is okay if it's quiet. If it's less crowded, yes. Fully indoors. Like a concept, yes. The menu is also Japanese style. Starting from snacks to main courses. The service is okay, the serving doesn't take long either. Parking is difficult. Especially on weekends~

Source: Google Review

From the table above (Table 1.3), it is evident that customers have raised concerns about the food quality, service quality, and atmospheric at Hibiki Japanese Bowl & Coffee, Multatuli Medan. Additionally, some customers have complained about the taste, portion, and hygiene of the food, arrogant staff, poor service, inconsistency of the food, small place, atmosphere if it's crowded while some appreciate the cozy and good interior design.

Regarding the food quality at Hibiki Japanese Bowl & Coffee Multatuli Medan, some customers are not satisfied with the taste, which does not align with their expectations. There are reviews specifically mentioning that the truffle aroma is too light and doesn't taste like authentic truffle. Additionally, there are cases where customers find eggshells in their food, which raises concerns about the freshness and hygiene of the food. Portion size is also an important factor, as customers might perceive the food as not worth the price if the portion is small, but

the price is high. Several customers questioned these qualities, feeling that the quality of the food did not meet their expectations.

There are also problems related to service quality at Hibiki Japanese Bowl & Coffee Multatuli Medan. Some customers are not satisfied with the responsiveness of the employees, as the service is slow. There are several complaints regarding employees being arrogant and not treating customers well. Some customers also received incorrect information from the employees, leading to further dissatisfaction.

Regarding the atmosphere at Hibiki Japanese Bowl & Coffee Multatuli Medan, some issues have arisen, such as the café being too hot, especially when it is crowded. There are also customer complaints about the air conditioner leaking, which creates an uncomfortable dining experience. Additionally, the café is too small to comfortably accommodate customers when it is crowded, making it difficult for them to relax.

All these reviews can negatively impact potential customers, as they indicate that some people are dissatisfied with the café's food, service, and atmosphere. In addition, the writer has conducted an interview with the operational supervisor and manager of human resources of Hibiki Japanese Bowl & Coffee Multatuli Medan to gather more information regarding the issues that occur based on reviews in Google. From the interview, it can be concluded that some feedback from customers regarding food quality, service quality, and atmospheric is also



received by Hibiki Japanese Bowl & Coffee Multatuli Medan, indicating essential areas that still need improvement.

The primary objective of this research is to investigate the influence of food quality, service quality, and atmospheric on customer satisfaction at Hibiki Japanese Bowl & Coffee, Multatuli Medan. The research thesis is titled "The Influence of Food Quality, Service Quality, and Atmospheric On Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan."

## **1.2 Problem Limitation**

Problem limitation enables this research to concentrate on the primary issue and its subsequent discussion to achieve its goals. This research will discuss Food Quality (X1), Service Quality (X2), and Atmospheric (X3) as independent variables that influence Customer Satisfaction (Y) as a dependent variable at Hibiki Japanese Bowl & Coffee Multatuli Medan.

## **1.3 Problem Formulation**

According to the explanation on the background of study, these are several research questions that have been formulated to use in this study:

1. Does Food Quality have significant influence on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan?
2. Does Service Quality have significant influence on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan?
3. Does Atmospheric have significant influence on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan?

4. Do Food Quality, Service Quality, and Atmospheric simultaneously influence Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan?

#### **1.4 Objective of The Research**

The writer's objectives of doing the research are:

1. To identify the influence of Food Quality on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan.
2. To identify the influence of Service Quality on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan.
3. To identify the influence of Atmospheric on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan.
4. To identify the simultaneously influence of Food Quality, Service Quality and Atmospheric on Customer Satisfaction at Hibiki Japanese Bowl & Coffee Multatuli Medan.

#### **1.5 Benefit of The Research**

The writer expected that this study will provide benefits to interested parties particularly:

##### **1.5.1. Theoretical Benefit**

The outcome of this research will deepen and enhance the writer's theoretical understanding and knowledge, particularly in the theories of Food Quality, Service Quality, Atmospheric, and Customer Satisfaction. In addition, this

research will provide readers with knowledge about the relationship between Food Quality, Service Quality, Atmospheric, and Customer Satisfaction.

### **1.5.2. Practical Benefit**

The following are the practical benefits of this research:

1. The writer anticipates that the outcomes of this research will provide valuable insights, practical experience in research, and enhanced knowledge concerning food quality, service quality, atmosphere and the determinants of customer satisfaction.
2. For Hibiki Japanese Bowl & Coffee, the outcome of this research will be beneficial for assessing food quality and comprehending the impact of service quality and atmospheric in enhancing customer satisfaction.
3. Other researchers can anticipate that this research will provide sources of information, insights, and references for any future research addressing similar issues.