

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Recently in Indonesia, the restaurant industry is facing rapid growth, despite the pandemic. This is because food is one of the primary needs for human living, resulting in the industry to keep growing. Besides, people are constantly seeking a place to savour new foods, gather with friends or family, or simply enjoy a break in their daily life. According to Manullang et al. (2019), the total number of restaurants in 2018 in Medan is as much as 1,141 shops (p. 318). There was considerable growth compared to 2017, where the total of restaurants in Medan was 1,028 shops. The growth of the industry required restaurants to improve their qualities in order to acquire customer satisfaction which will maintain and earn new customers, and receive more profits.

Customer satisfaction is explained as the result of a performance and how it is compared to the customers' expectations (Cristo, Saerang, and Worang, 2017). As stated by Tjiptono & Diana (2015), customer satisfaction is measured through intention to repurchase, customer loyalty, complaint, and recommendation to others. Ryu and Han (2012), quoted by Zhong and Moon (2020) stated that service quality, food quality, and physical environment of a restaurant strongly influence customer satisfaction. Researchers tested that service quality, food quality, and restaurant environment have significant influence towards customer satisfaction (Sunaryo et al., 2019; Rozheki et al., 2016; Othman et al., 2016).

Service quality is defined as the capability of service providers to reach customers' expectation through good and efficient performance with the result of benefiting the business (Ramya, Kowsalya, and Dharanipriya, 2019). Service quality is measured by the SERVQUAL model, developed by Parasuraman et al. (1988). The model described that service quality can be measured with the indicators: tangibility, reliability, responsiveness, assurance, and empathy. Zhong and Wang (2019) describes food quality as characteristics of food that are acceptable to customers, such as presentation, texture, taste, nutrition, and hygiene. In addition, Ryu, Lee, and Kim (2012) stated that freshness, smell, and menu variety are included as the indicator of food quality. Meanwhile, restaurant environment gives the first impression of the restaurant to customers before services are delivered. It consists of tangible and intangible elements, where tangible involves the interior design, layout, and furnitures and the intangibles are temperature, lighting, scent, noise, air quality, and music (Cristo et al., 2017).

Coffee Loca, as the object of this research, is a restaurant known for their coffee drinks, latte art, and their specialty menu: Tongseng. The restaurant was founded in 2017 by a young, passionate barista, and in 2018 the restaurant was officially opened to the public. It is located at Jalan Amir Hamzah, West Medan, where the street is known to have several famous restaurants, such as Lembur Kuring, Opal Coffee, and Morning Glory.

The presence of other restaurants in the same street requires Coffee Loca to have high customer satisfaction. Customer satisfaction is important, because when a customer is satisfied, they will be loyal customers and there will be a higher

chance of return intention. Moreover, there will be word of mouth spread from customers to others, which will affect the restaurant's reputation and sales. In order to gain customer satisfaction, Coffee Loca will have to provide qualities that meet customers' expectations, where the qualities consist of service quality, food quality, and restaurant atmosphere (Ryu, Lee, and Kim, 2012).

Nowadays, technology enables us to access information easily. Google, the world's most well-known search engine, provides any information, including a restaurant's ratings and reviews. On Google Reviews, Coffee Loca is rated 4.4 stars, with 655 reviews available. Despite the positive reviews of Coffee Loca, customers' satisfaction have somehow decreased. These can be seen from a number of complaints received by Coffee Loca recently. Below are 20 ratings and comments towards Coffee Loca sampled from Google reviews:

No.	Rating	Comments
1	1	Bad service, unfriendly waitress. Food and drinks are bland.
2	2	Place is nice but it's quite difficult to park a car.
3	3	Wide parking lot. Bad toilet hygiene and table mapping. Coffee is good but might not be suitable for coffee lovers.
4	3	Drink is 8/10 but food is 2/10.
5	3	Sate taichan was very salty, but the coffee is good.
6	3	A very cozy place. I ordered Special Choco, but it was not up to my expectations, but it's still OK.
7	3	Looks narrow from the outside but the inside is actually quite spacious and good interior design. Price is quite expensive for indomie, but the coffee is reasonable.
8	4	The place is comfortable but please be patient because the food takes a long time to be served.
9	4	Comfortable and clean place, but there are not many food choices. Good and friendly service, non-cash payment is available. Wide parking lot.
10	4	Cozy place, does the health and safety protocol. Unfortunately, the waitress does not have product knowledge and was not willing to recommend popular items.

11	4	Cozy place for hang outs. Waitresses are friendly. Food are good, moreover the coffee!
12	4	Comfortable place and not noisy, but there are only a few variants of coffee menu.
13	4	Coffee is OK, food is not bad. Ambience is a bit noisy, and parking can be a bit of hassle.
14	4	Coffee is good. Place is good and not too crowded. Just right.
15	5	Coffee, food, and interior OK. Cozy place.
16	5	Slow service.
17	5	Good ambience, there are smoking and non-smoking rooms. Food and service was good but there were many mosquitos.
18	5	I'm a loyal customer. Good food, comfortable ambience, clean, and cool AC. Nice place to take pictures.
19	5	I always come here with my husband after work. Nice place and good coffee.
20	5	One of my favourite coffee stops around Amir Hamzah area. Nice atmosphere and great coffee too. Don't forget to try their famous Tongseng!

**Table 1.1 Customer Reviews and Comments towards Coffee Loca**

Source: Prepared by the Author (2021)

The author has visited Coffee Loca several times. According to the author's experience, the food and beverages were tasty and nutritious, although sometimes the food may take longer to be served. Unfortunately, the author agrees on one of the statements above that the waitress did not have product knowledge about the food and beverages. When the waitress was asked about which menu is recommended, the waitress did not give a clear answer. The restaurant atmosphere was bright and cozy, with indoor, outdoor, and smoking room available.

In addition, the author also did a preliminary interview towards four customers. First customer with the initial KP, told the author that the coffee was good and the restaurant had a nice ambience. However, he was dissatisfied with the limited menu variety and thinks that the restaurant focuses on coffee. Second customer, MHT, was satisfied with everything but the service. He thought that the

service was not prompt and he waited a while to receive ice cubes and additional cutleries. JL, a customer who thinks that overall Coffee Loca is OK, but there were many mosquitoes which made his dining experience less enjoyable. He added that there were mosquito traps, but perhaps the restaurant needs to find another way to repel mosquitoes. Lastly, CA, rated the restaurant 1-star, which clearly shows her dissatisfaction, declared that both the service and food and beverage are bad. Waitresses were unfriendly and unhelpful, also the food and drinks served are too bland to her liking. The ambience was not very good, since she considers the music was too loud.

From the comments above, Coffee Loca has been doing well, but there are negative comments about service quality, food quality, and restaurant atmosphere. The author believes that by improving their qualities, Coffee Loca will be able to earn higher customer satisfaction and compete with the neighboring restaurants. Thus, the author is interested in analyzing the relationship of service quality, food quality, and restaurant atmosphere towards customer satisfaction. Therefore, this research is given the title **“The Influence of Service Quality, Food Quality, and Restaurant Atmosphere toward Customer Satisfaction at Coffee Loca, Medan”**.

## **1.2 Problem Limitation**

In order to conduct focused and effective research, the author of this skripsi will limit the scope to service quality, food quality, and restaurant atmosphere and how they affect customer satisfaction. The dependent variable (Y) is customer

satisfaction, given that intention to return is closely related to customer satisfaction. Meanwhile, the independent variables are service quality (X1), food quality (X2), and restaurant atmosphere (X3). These variables are selected considering that they directly influence customer satisfaction.

The indicators to measure customer satisfaction (Y) are intention to repurchase, customer loyalty, complaint, and recommendation to others (Tjiptono and Diana, 2015). To measure service quality (X1), the indicators are tangibility, responsiveness, assurance, empathy, and reliability (Parasuraman, 1998; Ramya et al., 2019). Food quality (X2) will be measured with the indicators: presentation, texture, taste, nutrition, hygiene, freshness, smell, and menu variety (Zhong and Wang, 2019; Ryu et al., 2012). Meanwhile, the restaurant atmosphere (X3) will be measured with interior design, layout, furniture, temperature, lighting, scent, noise, air quality, and music (Cristo et al., 2017).

### **1.3 Problem Formulation**

The research questions of this skripsi are as follow:

1. How is the service quality being implemented at Coffee Loca Medan?
2. How is the food quality being implemented at Coffee Loca Medan?
3. How is the restaurant atmosphere being implemented at Coffee Loca Medan?
4. Does service quality influence customer satisfaction at Coffee Loca Medan?
5. Does food quality influence customer satisfaction at Coffee Loca Medan?
6. Does the restaurant atmosphere influence customer satisfaction at Coffee Loca Medan?

7. Do service quality, food quality, and restaurant atmosphere influence customer satisfaction simultaneously at Coffee Loca Medan?

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

The research objectives of this skripsi are:

1. To describe the implementation of service quality at Coffee Loca Medan.
2. To describe the implementation of food quality at Coffee Loca Medan.
3. To describe the implementation of restaurant atmosphere at Coffee Loca Medan.
4. To identify the influence of service quality towards customer satisfaction at Coffee Loca Medan.
5. To identify the influence of food quality towards customer satisfaction at Coffee Loca Medan.
6. To identify the influence of restaurant atmosphere towards customer satisfaction at Coffee Loca Medan.
7. To identify whether service quality, food quality, and restaurant atmosphere influence customer satisfaction simultaneously at Coffee Loca Medan.

#### **1.5 Benefit of the Research**

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

By conducting research for this skripsi, the author is expected to gain more experience and insights regarding the relationship between service quality, food quality, restaurant atmosphere, and customer satisfaction in a restaurant.

### **1.5.2 Practical Benefit**

This research may work as a feedback to Coffee Loca as it contains data that shows how satisfied their customers are with their service, food, and restaurant atmosphere. Thus, this research may help Coffee Loca to improve their restaurant's development in the future.

The result of this research is also expected to be used as a reference by other researchers in the future to gain better understanding about the influence of service quality, food quality, and restaurant atmosphere toward customer satisfaction.

