

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this current era, business competition is getting tougher and experiencing very rapid growth, both in the service sector and in the non-service sector. According to Yasa and Sukaatmadja (2017), the demands of very tight competition require business continues to develop various strategies to improve performance achievement. Technology that continues to develop is a driving factor in this intense business competition. Therefore, development and innovation are very necessary for businesses to continue to survive in the market. If a company fails to follow trends, then the company can fail to compete with its competitors.

In addition, according to Rohaeni and Marwa (2018), globalization will also test a company's ability to survive and excel among its competitors. Therefore, companies must be able to follow trends and be able to see business opportunities. This also means companies are required to be able to provide satisfaction to their customers and maintain them by providing quality products or services that are in accordance with what the buyer wants.

As the third largest city after Jakarta and Surabaya, (<https://www.rumah.com>, retrieved in 2022, 19 July), Medan is a city that has many opportunities in the food and beverage sector. This makes many businesspeople target big cities to open restaurants because there is a lifestyle of people who live in big cities who are more consumptive. There are many types of businesses in the

food sector, one of which is restaurants. The restaurant business can last a long time if the businessperson is able to manage it well and not forget to always follow the trend, to compete with competitors, and survive in the market.

In the current era, there are many foods from abroad circulating in Indonesia, which include pizza, spaghetti, sushi, and so on. Moreover, many Indonesians like this international food. One of them is a Japanese food which is increasingly winning the hearts of people in Indonesia, especially people with middle and upper incomes. From being a nation that did not have a tradition of eating raw food, it became very fond of raw fish and other things. Furthermore, even noodles that have become a popular food are also starting to turn into Japanese-style ramen. (<https://www.orami.co.id/>, retrieved in 2018, 12 March)

These things certainly make the population level of Japanese restaurants in Indonesia, especially Medan, increase rapidly. Starting from Sushi Tei, Tom Sushi, Sushi Mentai and so on, which are complete with prices that vary, ranging from cheap to the expensive one. Many franchises Japanese restaurants have opened branches, one of which is Sushi Tei, which is a franchise from Singapore. Sushi Tei is a restaurant that serves various types of Japanese food. Many Indonesians love this Sushi Tei restaurant because of its food offerings, especially their sushi. (<https://keluyuran.com/>, retrieved in 2022)

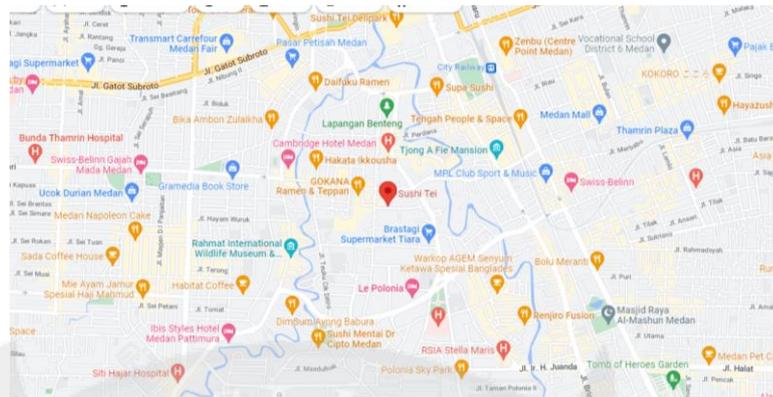


Figure 1.1 The location of Sushi Tei Teuku Daud Medan

Source: <https://goo.gl/maps>, retrieved 2022, 19 July

Sushi Tei Teuku Daud, Medan as the object of this research is one of the most popular Sushi Tei branches in Medan. As the first branch of Sushi Tei in Medan, Sushi Tei Teuku Daud opened in 2004.



Figure 1.2 The Logo of Sushi Tei

Source: <https://sushitei.com/>, retrieved 2022, 19 July

Sushi Tei Teuku Daud, Medan offers a comfortable place to gather with family and friends in Medan. Specializing in Japanese food and a Japanese atmosphere, Sushi Tei Teuku Daud, Medan has become a trend in many circles, which is why Sushi Tei Teuku Daud was chosen as the object of this research. The restaurant itself is complete with air conditioners, a sushi train, a cozy eating space, and of course accompanied by tasty food and drinks. As stated on Sushi Tei Medan's Instagram (<https://linktr.ee/SushiTeiMedan>), it also can be ordered through various delivery services, such as WhatsApp with the number

08116172770 available from 10 m 10 a.m. to 21.45 p.m. at night, Grab Food and Go Food. After operating for almost 16 years since its opening, Sushi Tei Teuku Daud, Medan is already known by many people and is believed to be a good place to gather with friends and family.

However, since many Japanese restaurants are open in Medan, especially restaurants that specialized in sushi, the competition in the market is getting tougher (<https://www.jofiebakery.com>, retrieved in 2021). We can see from the table below that shows the rating owned for each Sushi restaurant in Medan have the same high. This makes Sushi Tei Teuku Daud, Medan must be able to maintain customer loyalty to survive in the competition.

Table 1.1 Lists of Sushi Restaurants Ratings in Medan

No	Restaurant Name	Ratings	Year of Establishment	Main Product
1	Sushi Tei Teuku Daud, Medan	4.5	2004	Sushi and Japanese Cuisine
2	Ichiban Sushi Medan	4.3	2019	Sushi and Japanese Cuisine
3	Sushi Mentai Medan	4.6	2020	Sushi and Japanese Cuisine
4	Genki Sushi Medan	4.4	2020	Sushi and Japanese Cuisine
5	Okinawa Sushi, Medan	4.7	2020	Sushi and Japanese Cuisine

Sources: <https://goo.gl/maps/j7oKzpZeSvKCBUUP8> <https://g.page/sushi-mentai-medan>
<https://g.page/GenkiSushiDeliparkMedan> <https://goo.gl/maps/bph6WDqGhKov8J2r7>

From the table above, the sushi restaurant rating is not much different, which is in the range of 4. namely, Sushi Tei Teuku Daud, Medan with a rating of 4.5, Ichiban Sushi Medan with a rating of 4.3, Sushi Mentai Medan with a rating of 4.6, Genki Sushi Medan with a rating of 4.4, and Okinawa Sushi Medan with a rating of 4.7. Besides, it also can be seen that Sushi Tei Teuku Daud, Medan is the oldest restaurant that has been established, which is 18 years, compared to other sushi restaurants which have only been established for about 2 years. From the rating, we can see that Okinawa Sushi has the highest rating with 4.7 compared to Sushi Tei

Teuku Daud in Medan. However, this research will use Sushi Tei Teuku Daud, Medan because it is a favorite restaurant of the writer, and often visits, so it will certainly be easier to find out data about the variables that will be examined in this research. It can be concluded that over time, the competition will become more and more, so we must be prepared to face the competition. (<https://www.investopedia.com>, retrieved in 2021)

According to Chun and Ochir (2020), stated that revisit intention refers to the customers that show a desire to revisit the same restaurant and to refer their friends and family to it. Revisit intention is regarded as being extremely important in raising the number of customer visits to a place and managing future visits because satisfied customers typically make return visits and spread the word. So, if the customers are satisfied and have an incredibly pleasant experience at the restaurant, they will recommend the restaurant to others through word-of-mouth which can reduce marketing costs or free marketing, spread positive information, or become loyal customers.

In addition, according to Wulanjani and Derriawan (2017), stated that revisit intention is known as the customer's desire to return, spread good word of mouth, stay longer than expected or make more purchases than expected. The level of customer return visits to the restaurant is largely determined by the behavior of customers who visit the restaurant, where this can be felt and assessed through experience in terms of taste, product quality, and also other recommendations from other customers who have experienced it firsthand. Revisit intention is a sign of customer satisfaction. Thus, in industries such as restaurants, where customers have

many choices, it is critical for restaurant owners and managers to understand what makes customers want to come back. Therefore, it is important for Sushi Tei Teuku Daud Medan to increase the intention to visit again.

The first evidence is Sushi Tei Teuku Daud Medan has acquired good rating where the overall rating from Sushi Tei Teuku Daud Medan is 4.5 out of 5, as we can see the rating of the restaurant shown in Figure 1.3 below. The overall rating from 3,300 reviews, it can show that the customers' impression toward Sushi Tei Teuku Daud Medan are most likely satisfied, in the other word, more customers will believe that they will have a good experience at the restaurant if the restaurant can obtain more positive reviews (<https://bloomintelligence.com>, retrieved in 2022).

Besides, the second evidence from Figure 1.4, the customer gave a five-star review stating that he went to the restaurant twice and felt satisfied with the services and products that were given, which is a form of customer satisfaction to revisit intention. This figure is part of the evidence for the variable intention to revisit because it describes customers who are satisfied with the food and services provided which result in a revisit intention. According to Amer and Gahtoor (2020), stated that to created customer revisit intention, the restaurant must be able to make to customer feel satisfied.

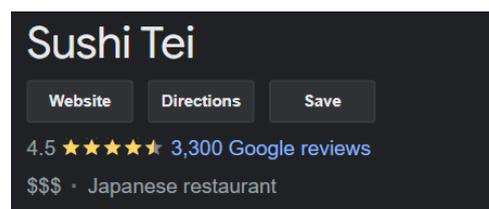


Figure 1.3 Sushi Tei Teuku Daud Medan Stars Rating

Source: <https://www.google.com>

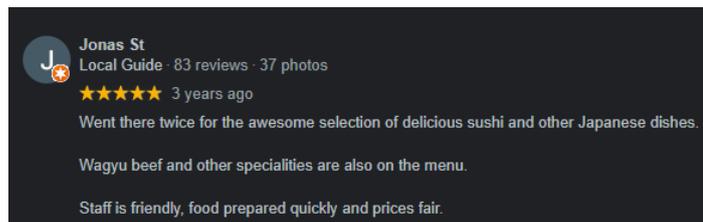


Figure 1.4 Sushi Tei Teuku Daud Medan Customer's Review on Revisit Intention

Source: <https://www.google.com>

According to Zhong and Moon (2020), stated that Customers who are satisfied with a product or service are more likely to recommend the brand to others and are more likely to purchase that product again rather than switching to another brand. Therefore, it is important for Sushi Tei Teuku Daud Medan to be able to increase their customer satisfaction. According to Joudeh and Dandis (2018), customer satisfaction has a relationship with customer needs, namely where a customer will be satisfied with the products offered to them. Moreover, according to Phillip Kotler and Kevin Lane Keller (2007: 177), customer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance (results) of the product thought to the expected performance.

Referring in Figure 1.5, it can be evidence that a customer has given 5 stars for Sushi Tei Teuku Daud Medan with the note "Good Price, Good vibe, Good service and last but not less important, Good food for the stomach.," which claimed that Sushi Tei Teuku Daud, Medan has provided the customer satisfaction. According to Tjiptono (2012: 301), customer satisfaction is a situation shown by consumers when they realize that their needs and desires are as expected and well fulfilled. Also, the other evidence is since the year they establish their restaurant in 2004, Sushi Tei Teuku Daud, Medan has been proven to have customer satisfaction as the number 16 most reviewed restaurant in Medan as shown below in Figure 1.6.

However, customer satisfaction is influenced by several variables, namely service quality, food quality, atmospherics, and price.

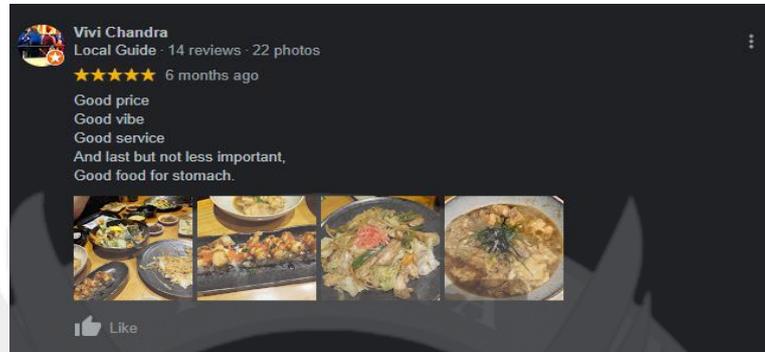


Figure 1.5 Sushi Tei Teuku Daud Medan Customer's Review on Customers Satisfaction

Source: <https://www.google.com/>

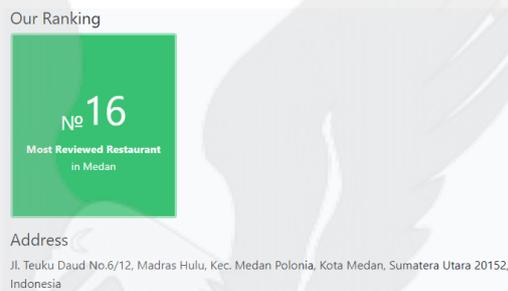


Figure 1.6 Sushi Tei Teuku Daud Medan Customer's Ratings

Source: <https://top-rated.online/cities/Medan/place/p/1248561/Sushi+Tei>

Service quality has a unity that comes from two words, namely quality and service. Tjiptono and Sunyoto (2012) state that quality relates to products, services, people, processes, and the environment that meet or exceed expectations and according to Tjiptono (2011), explained that service is a series of intangible activities that usually occur between consumers and service employees, physical resources, goods, or service providers as solutions to consumer problems. According to Bungatang and Reynel (2021), stated that service quality is typically consumed at the same time as it is produced and can add value by offering convenience or resolving issues that are faced by service users or consumers.

Service quality is an important strategy to make the customer satisfied. It is measured by how well the service level delivered meets the expectations of the customer. Each restaurant has the specialty of the restaurant itself and becomes its own focus, in other words, each restaurant also has its own quality standards in service. Besides, the waiter that serves the customer and is professional doing their job also becomes the indicator in measuring the service quality as shown in Figure 1.7 below.



Figure 1.7 Sushi Tei Teuku Daud Medan Service Quality Performance

Source: <https://crazfood.com>

The restaurant industry is also included in the hospitality sector, where relying on customer relationships is a key role or factor. According to Suciadi et al, (2017) stated that an important element in the company's success is the service of its employees. Therefore, the quality of service will be influence customer satisfaction in the long term. Based on Figure1.8 below, customers who give a five-star rating with the review “the service is great” indicate that Sushi Tei Teuku Daud, Medan has good service quality.

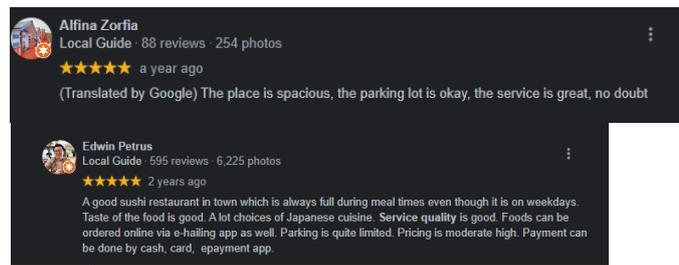


Figure 1.8 Sushi Tei Teuku Daud Medan Customer's Review on Service Quality
Source: <https://www.google.com>

The third variable is food quality which is also a crucial factor in influencing consumer satisfaction. In other words, consumers satisfactions can improve if the quality of the food served is good. According to Qu in Majid et al (2018), stated that taste, portion size, dish temperature, menu diversity, and nutritional content are some of the factors that customers consider while evaluating the quality of food. Moreover, according to Anjarsari et al (2018), stated that the main product of a restaurant is its food, so food is a major factor in influencing customer satisfaction and customer behavior. Also, according to Kotler and Armstrong (2013) stated that product quality as the ability of the product to perform its functions, including the overall product, reliability, accuracy, ease of operation and repair, and other valuable attributes. The first evidence is in Figure 1.9 which shows the some of the menu in Sushi Tei Teuku Daud Medan which has menu diversity and has good presentation of food.



Figure 1.9 Sushi Tei Teuku Daud Medan's Menu
Source: <https://www.google.com>

According to Potter and Hotchkiss (2012) explain that food quality is a characteristic of food that is acceptable to consumers, such as size, shape, color, consistency, texture and taste. The other evidence is based on Figure 1.10, which indicated that Sushi Tei Teuku Daud Medan serves genuinely nice food, as seen by the reviews, which average a rating over 4, which is considered to be good. In addition, there are also some customers that give the five-stars review with stating “Sashimi Freshness dancing in your mouth!!!!”, from this customer’s review, it can be seen that Sushi Tei Teuku Daud served their menu with the best quality and taste.

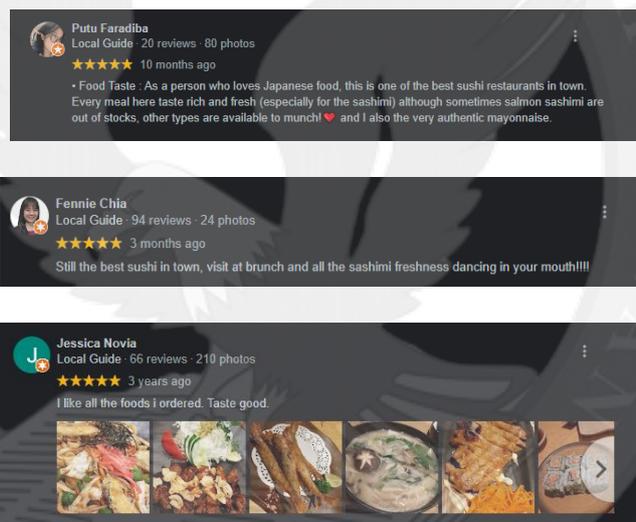


Figure 1.10 Sushi Tei Teuku Daud’s Review on Food Quality
Source: <https://www.google.com>

Besides the food quality and service quality, another factor that can make the customer more comfortable and frequent visits to a restaurant is the atmospherics. Just like a café, a restaurant is not just a place to eat and drink. However, the restaurant can also be a place to gather or hang out and others. (<https://alacasa.id/>, retrieved in 2022, 4 April). So, the restaurant must have a good atmosphere so that customers are comfortable. According to Chandra and

Wickramasekara (2021), stated that atmospherics refers to designing the buying environment to produce certain emotional effects on the buyer so that it can increase his or her purchase and revisit probability. Moreover, strengthened by the theory by Gilbert (2013), said that atmospherics is a combination of physical messages that have been planned. Atmospherics can be described as a change to the planning of the buying environment that produces a special emotional effect that can cause consumers to make a purchase and revisit action. In addition, the atmosphere is also a prepared atmosphere that fits the target market and can entice customers to buy.

The first evidence of the atmospherics in Sushi Tei Teuku Daud Medan itself already has a comfortable atmosphere, is based on Figure 1.11 below that stating “nice place to dine in.” which means that the customer is satisfied with the place of Sushi Tei Teuku Daud. According to Lina Salim (2014) states that atmospherics includes a variety of interior, exterior, layout, comfort, air, service, uniforms, length of goods and so on that create attraction for consumers and arouse the desire to buy. Besides, at Sushi Tei Teuku Daud, Medan they also design their restaurant’s interior with a Japanese concept, so that customers who eat in the restaurant can feel the Japanese atmosphere, moreover, they also have an open kitchen so that customers can watch the cooking process while enjoying their dishes as the evidence can be seen in Figure 1.12. In addition, as evidence that can be seen in Figure 1.13, Sushi Tei Teuku Daud, Medan also received the certificated that complied with CHSE Standard (Cleanliness, Health, Safety, and

Environmental Sustainability), which means that Sushi Tei Teuku Daud Medan is already good in maintaining their atmospherics.

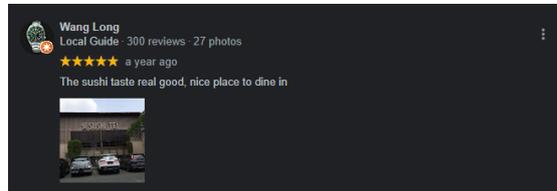


Figure 1.11 Sushi Tei Teuku Daud Medan Customer's Review on Atmospherics
Source: <https://www.google.com>



Figure 1.12 Interior Design and Open Kitchen in Sushi Tei Teuku Daud Medan
Source: <https://2pos.asia/129366/7074/sushi-tei>



Figure 1.13 Sushi Tei Teuku Daud Medan's CSHE Standard certificate
Source: Prepare by writer (2022)

Before having a revisit intention, the thing that customers will consider is price. According to Andi (2015: 128) price is the main factor that can influence a

buyer's choice, price plays a significant role in determining consumer purchases, for that before setting a price, the company should look at some reference prices for a product that is considered quite high in sales. Meanwhile, according to Kotler and Armstrong (2016) price is the amount of money spent for a product or service, or a number of values exchanged by consumers to obtain benefits or ownership or use of a product or service. Moreover, according to Sudirman (2019), stated that price drives sales and will always be linked to consumers' financial capacities. Therefore, price is also one of the factors that can affect consumer satisfaction because the price set will be a benchmark in achieving satisfaction. In Sushi Tei Teuku Daud, Medan, the price set is a bit more expensive because their target market is upper middle-class family which the evidence can be seen in Figure 1.14. Although the price is a little more expensive, Sushi Tei Teuku Daud, Medan customers do not mind because for them the food served is worth the price paid, where the evidence can see the review from a customer in Figure 1.15 below stating “Premium price for a premium dish!”.



Figure 1.14 Sushi Tei Teuku Daud Medan Menu's Price
Source: <https://www.google.com>

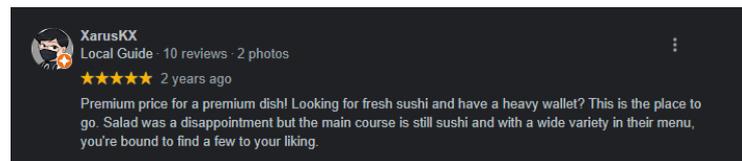


Figure 1.15 Sushi Tei Teuku Daud Medan Customer's Review on Price
Source: <https://www.google.com>

The phenomenon and explanation above show that there is highly competitive in the restaurant industry. As a result, Sushi Tei Teuku Daud Medan must continue to improve their customer revisit intention by identifying variables that influence revisit intention. This research will focus on proving the variables of Service Quality, Food Quality, Atmospherics, and Price have significant influence on customer satisfaction and eventually increasing revisit intention of Sushi Tei Teuku Daud in Medan.

1.2 Problem Limitation

Based on the background described above, in order to the discussion of the problem is not too broad, the writer needs to limit the problem.

This research will focus on:

1. This research will study about several variables, namely: Service Quality, Food Quality, Atmospherics, Price, Customer Satisfaction, and Revisit Intention. Customer specifically on the research object, Sushi Tei Teuku Daud, Medan.
2. The data that will be used in testing the research model is collected from a questionnaire designed based on the object of research.

3. The sample to be analyzed is limited to certain criteria; both male and female, 18 to 60 years old, domiciled in Medan, know other similar restaurants besides Sushi Tei Teuku Daud, Medan, and have visited Sushi Tei Teuku Daud, Medan at least twice in the last 6 months.

1.3 Problem Formulation

Based on the background of the study, the problems to be answered in this research are as follows:

1. Does Service Quality have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan?
2. Does Food Quality have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan?
3. Does Atmospherics have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan?
4. Does Price have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan?
5. Does Customer Satisfaction have a significant influence on Revisit Intention at Sushi Tei Teuku Daud, Medan?

1.4 Objective of the Research

The purposes in doing this research are as follows:

1. To determine whether Service Quality have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan.

2. To determine whether Food Quality have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan.
3. To determine whether Atmospherics have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan.
4. To determine whether Price have a significant influence on Customer Satisfaction at Sushi Tei Teuku Daud, Medan.
5. To determine whether Customer Satisfaction have a significant influence on Revisit Intention at Sushi Tei Teuku Daud, Medan.

1.5 Benefit of the Research

The researcher hopes that this report will be beneficial to any stakeholders interested in this topic, both theoretically and practically, as follows:

1.5.1 Theoretical Benefit

The theoretical benefit is to enrich the understanding of the writer and provide information towards the service quality, food quality, atmospherics, and price towards customer satisfaction and revisit intention. Furthermore, the writer also hopes that this research can be useful for those who face the same problematic topic theoretically.

1.5.2 Practical Benefit

The practical benefits of this research study are as follows below:

- a. For the writer

To gain the knowledge and improve the understanding of the writer about service quality, food quality, atmospherics, price, customer satisfaction and revisit intention.

b. For Company

To be capable of helping Sushi Tei Teuku Daud, Medan to increase their customer satisfaction and revisit intention. As a result, this research could help Sushi Tei Teuku Daud, Medan become a place with high levels of customer satisfaction and revisit intention in the future.

c. For other researchers

This writer expects this research can be use as references and gives the information that need by other researchers that related service quality, food quality, atmospherics, price, customer satisfaction and revisit intention.

