

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Five years ago, the COVID-19 pandemic had an extraordinary impact on the lives of people in Indonesia, affecting both social and economic aspects. One of the sectors most affected was the cafe industry. Social restrictions, such as the implementation of PSBB (Large-Scale Social Restrictions), made people reluctant to go out, causing a drastic decline in the number of cafe visitors. The General Chair of the Indonesian Cafe and Restaurant Entrepreneurs Association (Apkrindo), Eddy Susanto noted a 50% decline in commercialization. Additionally, Adhi S. Luqman, the Head of the Indonesian Food and Beverage Entrepreneurs Association (GAPMMI), mentioned that revenues for food establishments like restaurants and cafes decreased by 70-80% (Pradana et al., 2022; Firmansyah & Wulandari, 2020).

Many cafes in Medan experienced a significant decline in customers intention to revisit. This decline was worsened by the increasing number of new cafes opening in the area. The growth in the number of new cafes introduced greater competition, making it more challenging for existing cafes to maintain their customer base. According to Soebandhi et al., (2020), as the number of cafes offering distinct concepts increases, consumers are presented with more options. This suggests that when consumers choose to revisit a specific location,

they are consciously opting out of competitor offerings and deciding to return to the same venue (Putri et al., 2023).

According to Masithoh & Widiartanto (2020), perceived value have a significant positive effect on revisit intention. Perceived value helps clarify the connection between service quality, ambiance, and the desire to make revisit intention. This is further supported by previous research findings, which suggest that perceived value has a positive impact on consumers intention to repurchase (Zhang et al., 2021).

According to Rosmawati & Silitonga (2022), in a cafe, customers often judge the functional benefits based on the taste and appearance of the food. Additionally, the cafe's ambiance and the quality of service play a crucial role in shaping the perceived value of the offerings to the customers. Moreover, Rosid (2021) in Chang et al., (2014), indicates that perceived value is a significant factor contributing to revisit intention.

The atmosphere of a restaurant is a key factor in determining customer satisfaction during their visit (Adveni & You, 2024). According to Taqwim et al., (2021), the cafe atmosphere has a significant positive effect on customers intention to revisit. To enhance the likelihood of return visits, it is important to establish a comfortable ambiance and design unique spaces within the cafe. Aniza (2023) emphasizes that the ambiance of a cafe plays a crucial role in attracting customers and ensuring they feel at ease during their visit. A pleasant environment greatly influences customers decisions to revisit a place.

Nabila et al., (2021) further highlights the significance of store atmosphere, noting that customers assess not only the products and pricing but also their response to the ambiance created by the owner when they enter a store. Many customers even choose a cafe based primarily on its appealing ambiance (Yolanda & Rahmidani, 2020).

Food quality is considered a key factor in the overall dining experience and plays a crucial role in affecting customers likelihood to revisit a restaurant (Rajput & Gahfoor, 2020). When customers regularly enjoy tasty and well-prepared food, it boosts their positive perception and encourages repeat visits. Thus, maintaining high food quality is vital for fostering long-term customer loyalty and business success.

According to Dalimunthe et al., (2020), food product quality is an essential element of the dining experience in a cafe or restaurant. High-quality food is believed to play a crucial role in enhancing customer satisfaction, encouraging repeat visits, and prompting customers to recommend the establishment to others. When customers believe that a restaurant consistently delivers high-quality food, they are more likely to feel that their needs and desires have been fulfilled or surpassed.

According to Mahmudah (2019), in the research, the promotion variable has a positive and significant effect. Promotion plays a crucial role in shaping customer perception. The main objectives are to inform, influence, persuade, and remind customers about the company and its products (Pradana et al.,

2022). Well-executed promotion strategies can boost customer revisit intention, which in turn can enhance sales and strengthen brand recognition.

Marketing in the restaurant industry isn't just about promoting menu items, it's about creating an unforgettable experience that encourages customers to come back. This can include special promotions, loyalty rewards, or time-limited offers that make a restaurant more appealing than its competitors. According to Waworuntu & Hasan (2021), Promotional tactics offering extra value, such as discounts or exclusive previews of new menu items, can increase customer satisfaction and strengthen their emotional attachment to the brand.

One of the cafes in Medan is Baked at Laurence, located at Jl. Petula No. 52B, Petisah Hulu, Kec. Medan Baru, Kota Medan, Sumatera Utara 20152. The cafe stands out with its meticulously crafted menu, offering artisanal breads and meals, along with a warm, thoughtfully designed setting that enhances the dining experience.

Baked at Laurence was established in 2019, with the physical store opening in 2021. It quickly became popular among food lovers in Medan. In its first year, the cafe experienced significant growth in customers, which continued into 2022. However, in 2023, the cafe faced a decline in visitors. This situation has led the cafe's management to examine what might be affecting customer preferences and engagement, hoping to regain its appeal and keep providing great service to its loyal customers.

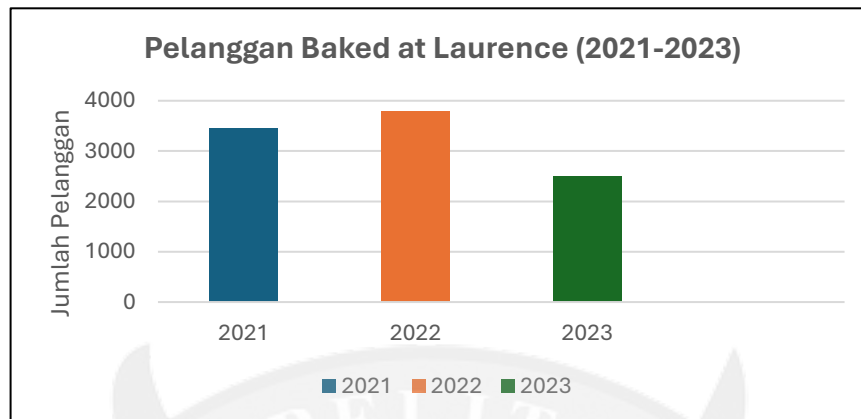


Figure 1. 1 Customers of Baked at Laurence (2021-2023)

Source: Data customers of Baked at Laurence in 2024

Figure 1.1 shows the customer trends for Baked at Laurence from 2021 to 2023. In the first year, Baked at Laurence quickly gained substantial attention from the public, with an initial customer base of 3,450. By 2022, Baked at Laurence reached the height of its popularity. The customer count grew significantly to 3,785, reflecting the cafe's ability to sustain interest and loyalty among its patrons. However, as time progressed, particularly in 2023, there was a sharp decline in customer numbers, dropping to 2,575. This downturn could be linked to the arrival of numerous new cafes in the vicinity, offering different and potentially more appealing concepts and experiences. With more options available, Baked at Laurence began to struggle in retaining a large customer base, especially as these new cafes might have been more in tune with current trends or offered something fresher and more exciting.

Below are the ratings for Baked at Laurence on Google Reviews,

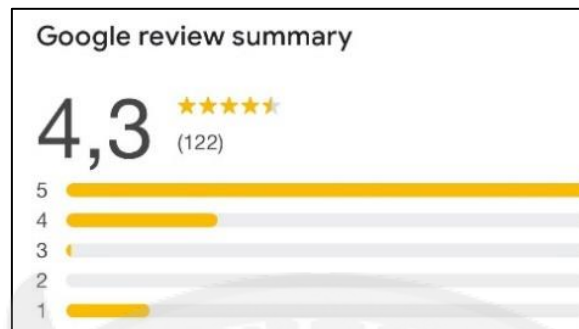


Figure 1. 2 Customer Ratings of Baked at Laurence
Source: Google.com (2024)

With the progress of modern technology, finding information has become incredibly simple. Google, the world's leading search engine, offers a vast array of details, including restaurant ratings and reviews (Chandra & Augustinus, 2022). Figure 1.2 presents the customer ratings for Baked at Laurence based on Google reviews. Baked at Laurence has an average rating of 4.3 out of 5 stars, which is based on 122 reviews.

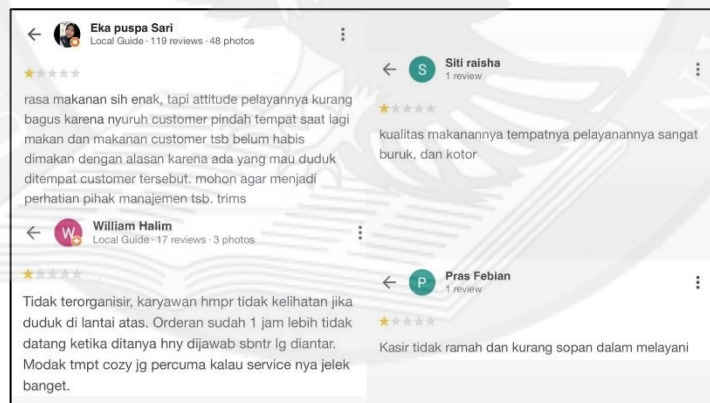


Figure 1. 3 Customer Reviews about Baked at Laurence
Source: Google.com (2024)

Figure 1.3 shows feedback or reviews from several customers about a restaurant. All the reviews are negative, highlighting various issues such as poor service, rude staff, subpar food quality, and lack of cleanliness. In

the context of these reviews, the perceived value of the restaurant appears to be low, as many customers express dissatisfaction with their experience, particularly concerning service and the quality of the establishment. These negative reviews reflect that customers feel the value they received from the restaurant does not meet their expectations, thereby impacting the restaurant's reputation in the public eye.



Figure 1. 4 Atmosphere of Baked at Laurence

Source: Google.com (2024)

In the Figure 1.4, showcases the cafe's interior design, where the space appears to be quite confined. The large chairs and tables contribute to a crowded feel, potentially reducing comfort and causing some customers to feel cramped. Additionally, there is a large window that allows sunlight to stream in, which can make the interior space warm. The arrangement of the chairs and tables lacks privacy due to their dense and close proximity. This setup might make customers feel uncomfortable, especially if they are seeking privacy or a more serene atmosphere.

The exterior design of Baked at Laurence shows there is a spiral staircase outside that leads from the ground floor to the second floor. However, this type of staircase may not be comfortable or accessible for all customers, particularly the elderly, young children, or individuals with

physical disabilities. This could pose challenges in terms of accessibility and safety. Furthermore, the outdoor space is quite restricted, with limited areas for customers to sit or relax, which might be a disadvantage for those looking to enjoy the outdoors.

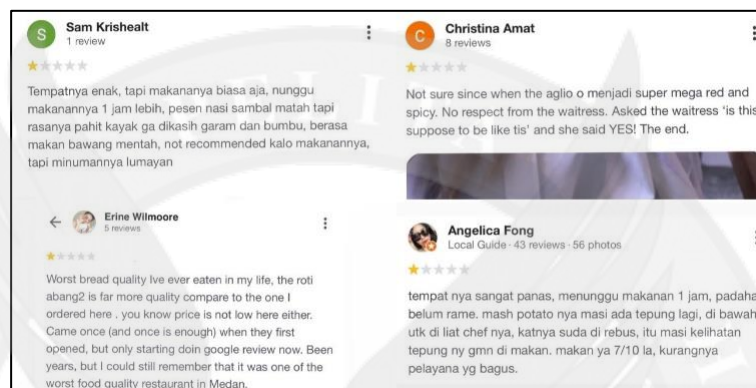


Figure 1. 5 Customer Reviews about the Food Quality

Source: Google Review (2024)

The reviews in Figure 1.6 highlight widespread dissatisfaction with the food quality at Baked at Laurence. Customers voiced their frustration over the long wait times, pointing out that even when the restaurant wasn't busy, the food took an unusually long time to arrive. When the dishes finally came, they were criticized for being bland and poorly prepared. One reviewer noted that the food lacked flavor, as if it hadn't been seasoned properly or was carelessly made, while another mentioned finding raw flour in the mashed potatoes, indicating that the dish was undercooked. The disappointment also extended to the ingredients used, with some customers feeling that the bread and other basic items were of subpar quality. In addition to the issues with the food, there were complaints about the service, with one customer recalling how a staff member was dismissive when asked

about the overly spicy food, reflecting a lack of concern for customer satisfaction. Although a few positive comments were made about the drinks, the overall impression was that the food and service were not up to standard, leading many customers to say they wouldn't recommend the restaurant.

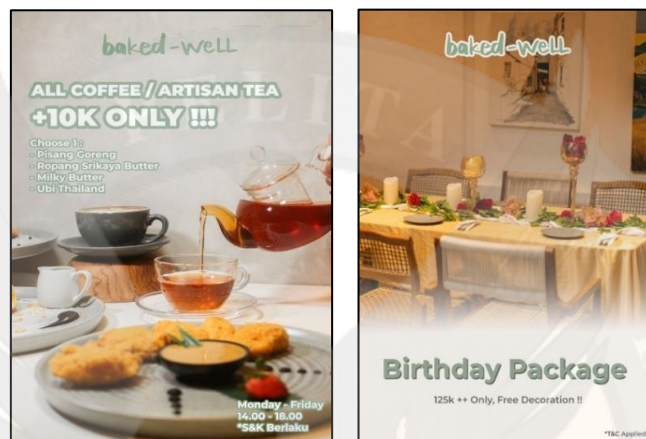


Figure 1. 6 Promotions by Baked at Laurence
Source: Instagram (2024)

Figures 1.6 showcase the promotional strategies implemented by Baked at Laurence in their latest advertisements. The promotions might not reach their full potential in influencing revisit intention because they lack clear and detailed information. Figure 1.6 displays a promotional poster for a deal offering 'ALL COFFEE / ARTISAN TEA +10K ONLY!!!'. However, the figure is unclear regarding what exactly the additional 10K is for. The poster lists several options, including Pisang Goreng, Ropang Srikaya Butter, Milo Butter, and Ubi Thailand, but it is not clear if the 10K is for these items or if it is an additional charge on top of an existing price for the coffee or tea. The lack of detailed terms and conditions may cause customer confusion and reduce the perceived value of the promotion. Key details, such as whether the promotion is ongoing or tied to specific conditions (e.g.,

holidays, dine-in only, or applicable to takeout) are missing. The lack of clarity can lead to customer hesitation, diminished satisfaction, and potentially a negative impact on their overall experience and intention to return.

Another promotion is a birthday package priced at 125K++. However, the posters lack essential details, such as the base price for beverages or the birthday package itself, what the '++' represents, and the exact terms and conditions. The poster does not clarify what exactly is included in the 125K++. For example, does this price cover only the room and decorations, or does it include food and drinks as well. The mention of 'T&C Applied' without any further explanation adds to the confusion. Customers are left in the dark about what these terms might be, such as cancellation policies, booking time limits, or restrictions on the number of guests. There is no clear indication of what is included in the 'Birthday Package.' Is it just the decorations, or does it also include food, drinks, or additional services like a photographer.

As a result, the author decided to investigate whether perceived value, atmosphere, food quality, and promotion could influence the intention to revisit. Based on the recent phenomena and prior research insights, this study would conduct research titled, **"The Influence of Perceived Value, Atmosphere, Food Quality, and Promotion Towards Revisit Intention at Baked at Laurence Medan"**.

1.2 Problem Limitation

For the problem limitation, the author put some limitation for the research to be more organized:

1. The dependent variable in this study is the Revisit Intention, while the independent variables being examined include Perceived Value, Atmosphere, Food Quality, and Promotion.
2. Data for the study was provided by Baked at Laurence in Medan.
3. Data collection was conducted using a questionnaire specifically designed for the research objectives, which will be used to test the research model.
4. Some specific characteristics that have been limited for the sample are both female and male participants, aged between 18 to 60 years, residents of Medan, have visited Baked at Laurence at least once.

1.3 Problem Formulation

The goal of this research is to analyze how Revisit Intention are influenced by Perceived Value, Atmosphere, Food Quality and Promotion. The following is a formulation of the issues raised by this study, which aims to provide answers to the following questions:

1. Does perceived value significantly influence revisit intention at Baked at Laurence Medan?
2. Does atmosphere significantly influence revisit intention at Baked at Laurence Medan?

3. Does food quality significantly influence revisit intention at Baked at Laurence Medan?
4. Does promotion significantly influence revisit intention at Baked at Laurence Medan?
5. Do perceived value, atmosphere, food quality and promotion simultaneously influence revisit intention at Baked at Laurence Medan?

1.4 Objectives of the Research

Based on the formulation of the problems above, the research objectives are as follows:

1. To determine whether perceived value significantly influence revisit intention of Baked at Laurence Medan
2. To determine whether atmosphere significantly influence revisit intention of Baked at Laurence Medan
3. To determine whether food quality significantly influence revisit intention of Baked at Laurence Medan
4. To determine whether promotion significantly influence revisit intention of Baked at Laurence Medan
5. To determine whether perceived value, atmosphere, food quality and promotion simultaneously influence revisit intention at Baked at Laurence Medan

1.5 Benefit of the Research

The author hopes that the research titled “The Influence of Perceived Value, Atmosphere, Food Quality and Promotion toward Revisit Intention at Baked at Laurence Medan” useful in both theoretically and practically as follows:

1.5.1 Theoretical Benefit

Theoretically, the results of this study can serve as supplementary data and a reference for further research on perceived value, atmosphere, food quality, and promotions in relation to revisit intention

1.5.2 Practical Benefits

This research offers not only theoretical insights but also practical advantages. It will provide valuable knowledge for the author, Baked at Laurence, and other researchers.

- a. To enhance Baked at Laurence's potential as a cafe with high revisit intention in the future, the findings of this study can offer valuable information and serve as a basis for making decisions regarding perceived value, atmosphere, food quality, and promotions.
- b. For the author, understanding the relationship between perceived value, atmosphere, food quality, and promotions in influencing revisit intention is essential.
- c. This study can also serve as a resource, guide, or starting point for other researchers interested in exploring similar factors.