

CHAPTER I

INTRODUCTION

1.1 Background of The Study

Currently, the food industry is the most popular industry because it is easy to make and has a good profit percentage in the future. However, the increasingly high competition between companies causes each company to compete with each other to market their company. By entering new markets, the corporation hopes to gain more clients, which will eventually boost sales. This has created a trend of mushrooming food sellers such as restaurants that require food business actors to compete to retain consumers by maintaining or improving services to consumers. Due to the increasing competition in the culinary business, companies are increasingly required to be able to create the best possible fulfillment of customer needs in order to face fierce competition and gain an advantage over competitors. Therefore, companies must provide quality services and products of goods or services to customers in order to create satisfaction in the minds of customers (Astuti & Asnawi, 2022).

The development of culinary in the city of Medan is currently experiencing quite significant development. Culinary is now part of a lifestyle and not just a basic need. The development of restaurants and cafes in the city of Medan is currently very competitive. In these circumstances, restaurant owners truly need to have the appropriate plan in place to hit the projected sales goals and ensure the survival of their company (Khong & Tandiwan, 2024). BPS data shows that the data on the

number of restaurants in North Sumatra province from 2020-2022, where the number of restaurants in 2020 was 125 business units. In 2021, there was a decrease in the number of restaurants to 117 business units. In 2022, there was an increase in the number of restaurants to 207 business units. The image of the data on the number of restaurants from 2020-2022 in North Sumatra province can be seen in the following image.

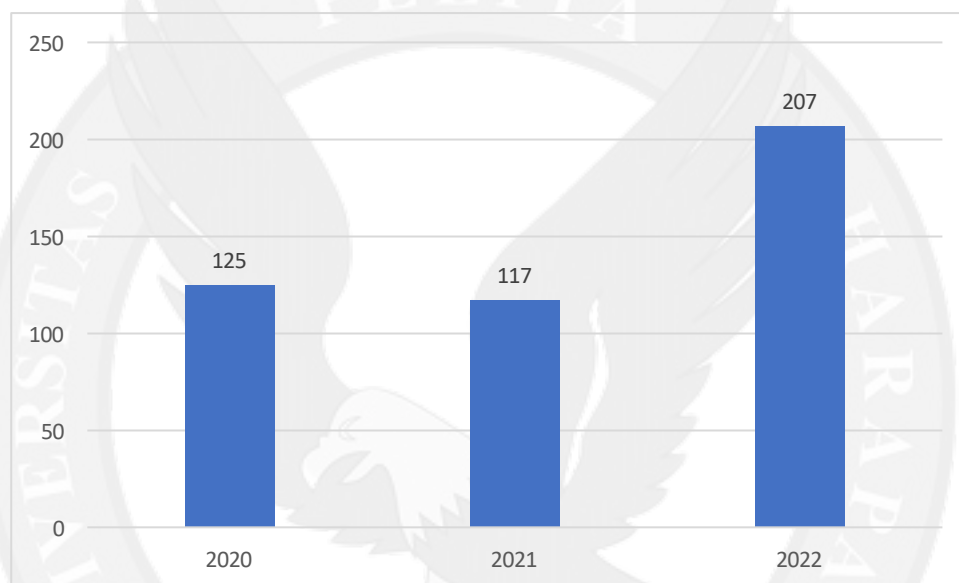


Figure 1.1 Number Of Restaurants In The Province Of North Sumatra In 2020-2022
Source: BPS, 2023

Repurchase intention occurs when consumers want to own, use, and consume the same goods repeatedly (Nugrahaeni et al., 2021:232). That is very important for businesses if want to continue operating because of customer repurchase interest. This is due to the fact that keeping current customers is typically more profitable than acquiring new ones, as the expenses associated with acquiring new clients may sometimes triple those of keeping current ones. The likelihood of a client making repeat purchases increases with customer interest.

One of the restaurants discussed in this research is Sari Laut Mbak Sri restaurant, which is a restaurant that sells various kinds of food such as prawns, crabs, fish and many other types of food sold at this restaurant. Naturally, the Sari Laut Mbak Sri restaurant needs to focus on the ambiance, specials, and patron experience to ensure that patrons are highly satisfied and inclined to make additional purchases from this business. However, the problem of repurchase interest at Sari Laut Mbak Sri restaurant often occurs due to intense competition with similar companies regarding the promotion of the food sold and customer experience.

Based on research at the Sari Laut Mbak Sri restaurant, the author found difficulties in increasing customer repurchase interest as seen from the number of visitors during 2021-2023.

Table 1.1 Number of visitors to Sari Laut Mbak Sri restaurant in 2019-2023

Year	Number of visitors (Person)	Percentage of Number of Visitors (%)
2021	47.132	-
2022	65.142	38,21%
2023	57.908	-11,10%

Source : Sari Laut Mbak Sri restaurant, 2024

The data above shows that over the past three years there has been a fluctuation in the number of visitors, where in 2022 there was an increase in the percentage of visitors by 38.21% and in 2023 there was a decrease in the percentage of visitors by 11.10%. There is a fluctuating value in the number of visitors from 2021-2023 because customers are not yet sure about coming to eat at Sari Laut Mbak Sri restaurant because customers feel the prices are more expensive than other restaurants. Apart from that, customers are also less active in looking for information about the Sari Laut Mbak Sri restaurant, which means that there are

still customers who don't know that there are delicious and cheap restaurants in the city of Medan.

Restaurant atmosphere is a design and environment design that uses visual communication, lighting, color, music, and smell to attract the attention of the press and make them want to buy something. Restaurant atmosphere is one of the five important elements of the product development concept in the restaurant business. A good restaurant atmosphere can create positive emotions for consumers. The ambiance of a restaurant can be attributed to a number of factors, including traffic patterns, interior design, comfort, air quality, service, music selection, sales staff uniforms, product displays, and more. Physical characteristics are very important to create a comfortable atmosphere for customers in restaurants, and can indirectly affect customer perceptions and behavior when shopping at restaurants (Munwaroh & Riptiono, 2021).

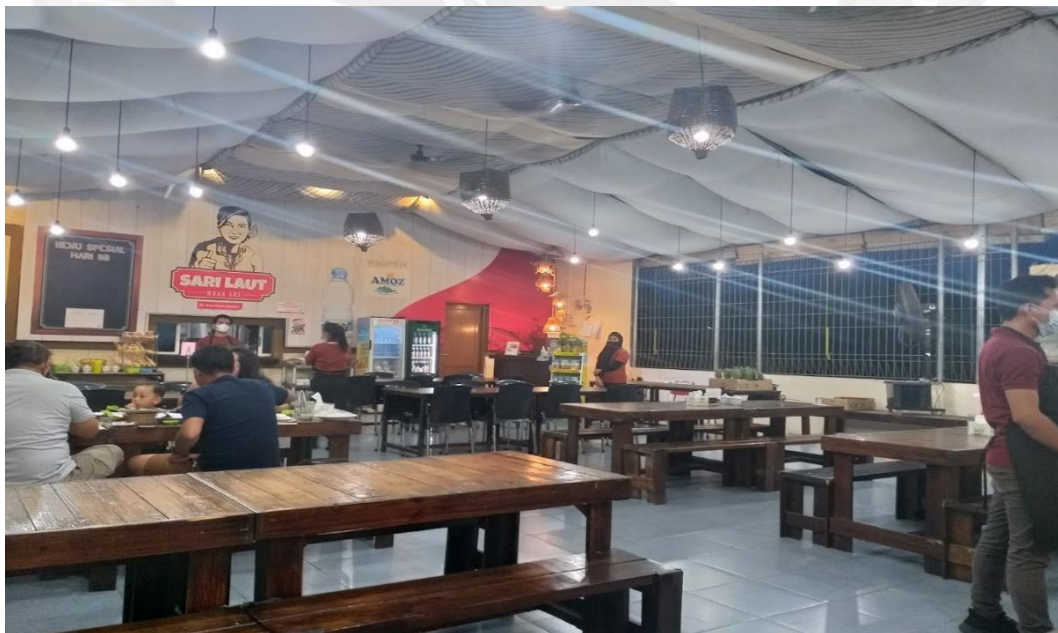


Figure 1.2 Atmosphere in Sari Laut Mbak Sri restaurant
Source: Sari Laut Mbak Sri restaurant, 2023

Sari Laut Mbak Sri restaurant has a visually appealing interior design, as shown in Figure 1.2, and the room lighting and colors used to create a comfortable and pleasant atmosphere. The table setting at Sari Laut Mbak Sri restaurant is also pleasant, neat, and orderly. However, customers who come to Sari Laut Mbak Sri restaurant sometimes have to pay attention to that

One effective marketing tactic to raise interest in repurchases is promotion. Promotion is the process of explaining a product's benefits and persuading potential customers to purchase goods. By keeping an eye on promotional activities and developing an effective promotional plan, businesses can effectively communicate their products to consumers and help them learn about the range of items they offer. People may lose interest in purchasing the company's products if they are not properly promoted.

Promotional issues can also affect repurchase intention from Sari Laut Mbak Sri restaurant which can be seen in the fact that in terms of advertising. In reaching potential customers, Sari Laut Restaurant Mbak Sri itself utilizes social media such as Facebook and Instagram. The customer segmentation of Sari Laut Mbak Sri Seafood Restaurant is teenagers and adults, who tend to frequently use social media in their daily lives. However, the promotional efforts carried out by Sari Laut Mbak Sri through social media have not produced optimal results, and one of them is the lack of promotions offered by the Sari Laut Mbak Sri restaurant.

Customer experience is an experience, where these experiences are personal events that occur due to certain stimuli (for example those provided by marketers before and after purchasing goods or services). Providing a customer experience

refers to marketing ideas for products that can provide a special experience to customers. This idea aims to provide consumers with a distinctive, satisfying and memorable experience. Furthermore to increase the likelihood that consumers will repurchase the product in the future. Because different, satisfying and memorable experiences leave consumers with special memories.

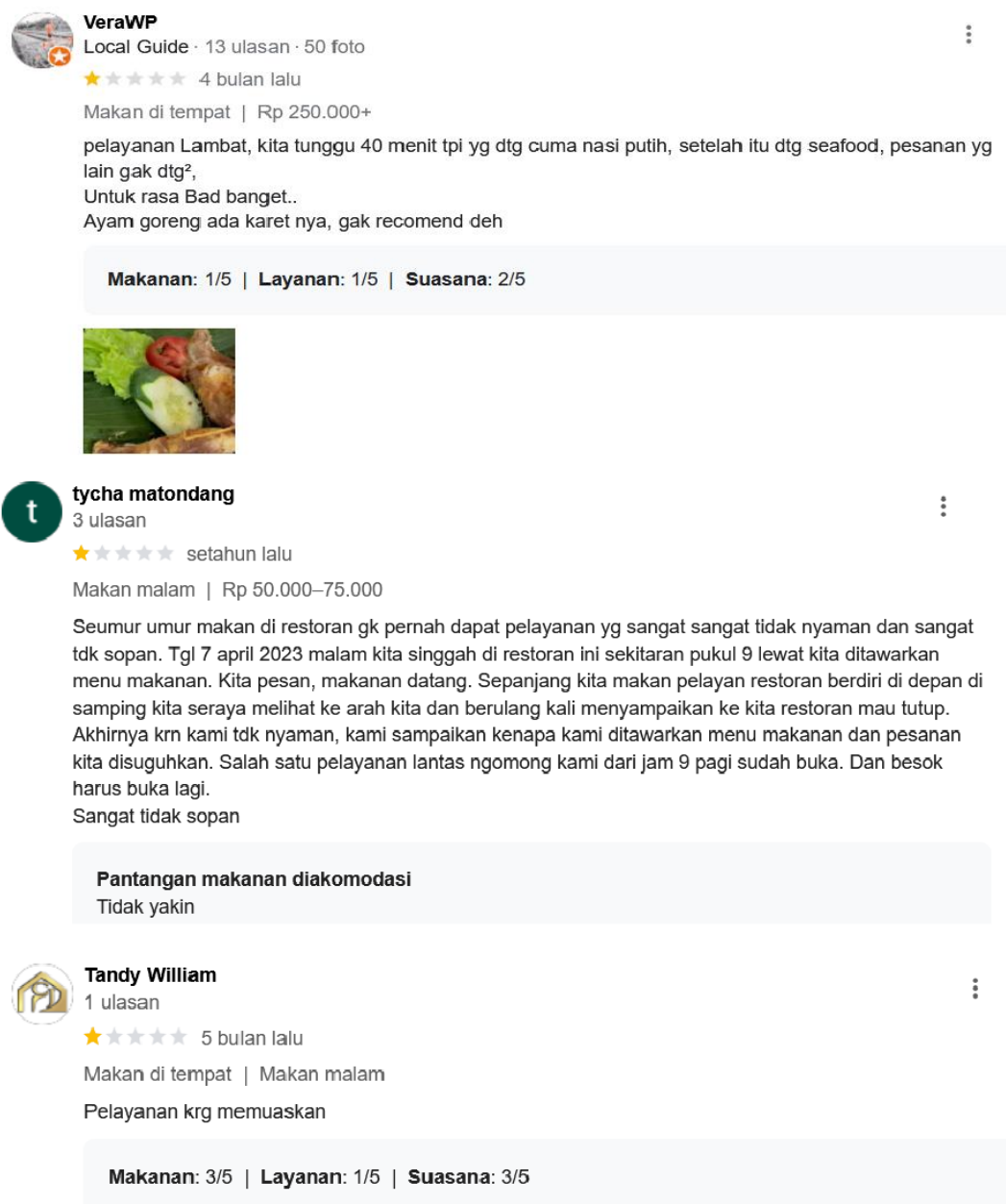


Figure 1.3 Customer Experience when eating at Sari Laut Mbak Sri restaurant
 Source: Sari Laut Mbak Sri restaurant, 2023

Figure 1.3 illustrates how patrons of the Sari Laut Mbak Sri restaurant discuss their dining experiences in relation to the overall taste. As one customer experienced, the meal at the Sari Laut Mbak Sri restaurant was served for an hour, and one of the dishes had rubber on it thereafter. This made for a bad dining experience for patrons and may have discouraged them from returning. However, several patrons of the Sari Laut Mbak Sri restaurant had issues with the staff's courteousness when dealing with them.

Based on the background, the writer is interested in conducting research with the title "**The Effect Of Atmosphere, Promotion And Customer Experience On Repurchase Intentions At Sari Laut Mbak Sri Restaurant**".

1.2 Problem Limitation

The problem limitation technique prevents research from deviating from focus and makes the discussion easier to understand. The writer determines problem limitation on atmosphere, promotion and customer experience as independent variables (X) and repurchase intentions as dependent variable (Y). The research was conducted in Sari Laut Mbak Sri Restaurant. The population and samples used are company's customers who have made at least one or more purchases at the Sari Laut Mbak Sri Restaurant. Indicators of Atmospherics in this research are interior design is visually appealing, exterior Design is visually appealing, table setting is much fun, decoration is visually appealing, background music is really fun, smell of restaurant is very pleasant, lighting creates a cozy atmosphere and colors used in the restaurant create a pleasant atmosphere (Levy & Weitz, 2020). Indicators of

promotion are promotion frequency, promotion time dan special offers (Febriana, 2020). Indicators of customer experience including sense experience, feel experience, think experience, act experience and relate experience (Gunawan & Indriyani, 2022). Indicators of repurchase intentions are transactional interest, referential interest, preferential interest and explorative interest (Putri & Yasa, 2023).

1.3 Problem Formulation

Based on the above information, the writer can find the following problems:

- a. Does atmosphere has a partial effect on repurchase intentions at the Sari Laut Mbak Sri restaurant?
- b. Does promotion has a partial effect on repurchase intentions at the Sari Laut Mbak Sri restaurant?
- c. Does customer experience has a partial effect on repurchase intentions at the Sari Laut Mbak Sri restaurant?
- d. Do atmosphere, promotion and customer experience have a simultaneous effect on repurchase intentions at the Sari Laut Mbak Sri restaurant?

1.4 Objective of the Research

The objectives of the research are as follows:

- a. To analyze whether the atmosphere has a partial effect on repurchase interest at the Sari Laut Mbak Sri restaurant.

- b. To analyze whether the promotion has a partial effect on repurchase interest at the Sari Laut Mbak Sri restaurant.
- c. To analyze whether the customer experience has a partial effect on repurchase interest at the Sari Laut Mbak Sri restaurant.
- d. To analyze whether atmosphere, promotion and customer experience have a simultaneous effect on repurchase intentions at the Sari Laut Mbak Sri restaurant.

1.5. Benefit of the Research

The field of education is anticipated to gain both directly and indirectly from this research, according to the goals of the study. Some anticipated advantages are as follows:

1.5.1. Theoretical Benefit

This study is designed to provide researchers with more insight and understanding into the effects of environment, promotion, and customer experience on repurchase intentions at the Sari Laut Mbak Sri restaurant.

1.5.2. Practical Benefit

The practical benefits of this research consist of :

- a. For company, this research can provide input and recommendation to increasing the repurchase intentions with atmosphere, promotion and customer experience.

- b. For writer, this research can provide additional knowledge about the marketing management especially atmosphere, promotion and customer experience and repurchase intentions.
- c. For other researcher, this research can provide reference to next research with same topic.

