

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In today's era of expanding globalization, it has become easier to promote food businesses due to rapid technological advancements. Indonesia's GDP growth for accommodation, food, and beverage providers in the second quarter of 2024 increased by 5.02% compared to the first quarter of 2024, and the second quarter of 2024 showed a 0.74% increase compared to the second quarter of 2023 (Badan Pusat Statistik, 2024).

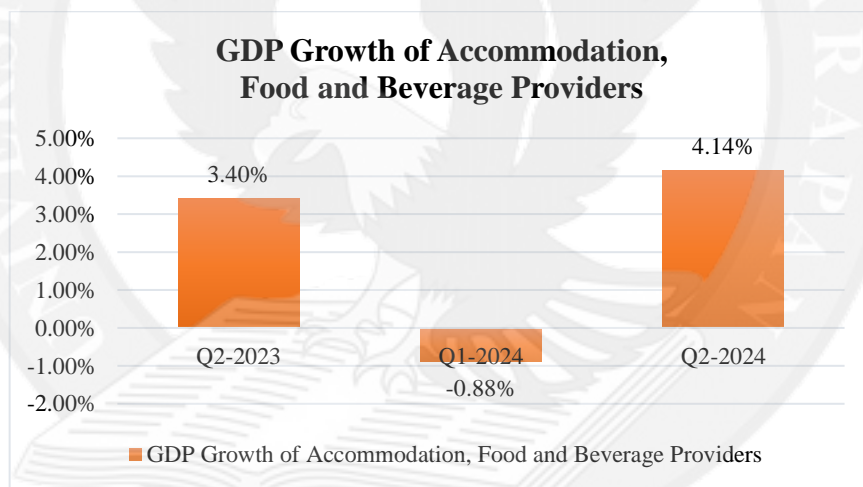


Figure 1. 1 Accommodation and Food and Beverage Providers GDP Growth (Q-to-Q) (percent), Q2-2023, Q1-2024, and Q2-2024

Source: Badan Pusat Statistik (2024)

The growth projections for the food and beverage sector in 2024 offer promising prospects for food businesses. According to (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2024), Indonesia's food and beverage sector is primarily driven by the middle class, which accounts for half of household consumption. The Indonesian middle class has been the key driver of

economic growth, with its consumption growing by approximately 12% annually since 2002, representing half of the nation's total household consumption. Currently, when combined with the aspiring middle class, this group represents 64% of Indonesia's population, or around 167.7 million people, who allocate a massive portion of spending to the food and beverage sector, creating substantial opportunities for café and restaurant businesses. Culinary entrepreneurs view this trend as advantageous, leading to a broader array of choices for consumers due to market expansion. However, this also intensifies competition within the food and beverage industry.

In Indonesia, Medan stands out as a vibrant city known for its culinary scene, where new food businesses emerge daily, each offering unique and enticing flavors. The growth of the middle class and small to medium-sized enterprises (SMEs) has made selling noodle soups one of the simplest food business ventures to embark on, featuring diverse options such as wonton noodles, Hokkien noodles, Khek noodles, and more. Noodle soups are widely available throughout Medan, making it convenient for those seeking a quick meal. However, this abundance creates challenges for noodle soup businesses, as the market is saturated, leading to customers rarely returning to a single shop.

This research centers on Bakmie Khek Selat Panjang, a renowned noodle soup establishment operating since 1968, highlighting a rich history of 56 years on Selat Panjang Street in Medan. The focus of the study is the branch located at MBC Complex, Block C, Number 5, S. Parman Street, which opened on March 28, 2017. This branch operates daily from 7 AM to 2 PM. Its menu features a

variety of Bakmie Khek options with diverse types of noodles, such as original curly fine noodles, wide noodles, as well as *misua*, *kwetiau*, *taociam*, *bihun*, *lausupan*, and *shirataki*. Besides dine-in service, customers can place orders through online platforms like GrabFood and GoFood. Below is a photo of the S. Parman branch and its menu.



Figure 1. 2 Bakmie Khek Selat Panjang, S. Parman Street Medan

Source: Prepared by Writer (2024)

The perception of a brand as trustworthy and well-established attracts customers to it. When a brand is viewed positively, a favorable brand image is created in the minds of consumers. This positive perception causes customers to be more likely to return rather than try unfamiliar alternatives. This preference is influenced by satisfaction with the brand and the belief that the brand aligns with the desired image, providing added benefits because the brand is well-known and trusted by the community (Wadi et al., 2021). Despite Bakmie Khek Selat Panjang having a solid reputation and being well-known at its original location on

Selat Panjang street since 1968, the new branch on Jalan S. Parman faces significant challenges related to brand image.

The brand name "Bakmie Khek Selat Panjang" is intrinsically tied to its original location, fostering a strong association among consumers that directs their attention to the well-established and recognized original site. Consequently, the new branch on S. Parman Street struggles to gain the same level of recognition, as the robust brand image of the original location creates challenges for the new branch in developing a distinct and influential identity within the competitive market.

Unlike the original location, which benefits from a rich history and formidable reputation, the S. Parman Street branch faces difficulties in crafting a compelling brand image due to its lack of historical significance. This disadvantage is compounded by consumer preferences for dining at nearby establishments, making it increasingly challenging for the new branch to differentiate itself from other bakmie khek outlets in the area.

The issue is closely related to brand image and consumer affinity. Consumers have a deep nostalgic connection with the original Bakmie Khek Selat Panjang. Emotional ties are maintained with the main location due to the memories formed over the years. However, the same emotional bond is not established with the new branch. Compared to the main location, lower levels of consumer satisfaction are observed towards the new Bakmie Khek Selat Panjang branch because of the absence of strong reasons for choosing the new branch over the trusted main location.

The author conducted the questionnaire survey to assess respondents' knowledge of Bakmie Khek Selat Panjang. The respondents' ages were distributed as follows: 7.8% were under 18 years old (8 people), 57.8% were 18-24 years old (59 people), 18.6% were 25-34 years old (19 people), 9.8% were 35-44 years old (10 people), 4.9% were 45-54 years old (5 people), and 1% were above 55 years old (1 person). The survey participants had diverse occupational backgrounds, with 60.8% being students (62 people), followed by 18.6% being private sector employees (19 people), 10.8% being entrepreneurs (11 people), and 9.8% falling into other occupational categories (10 people).

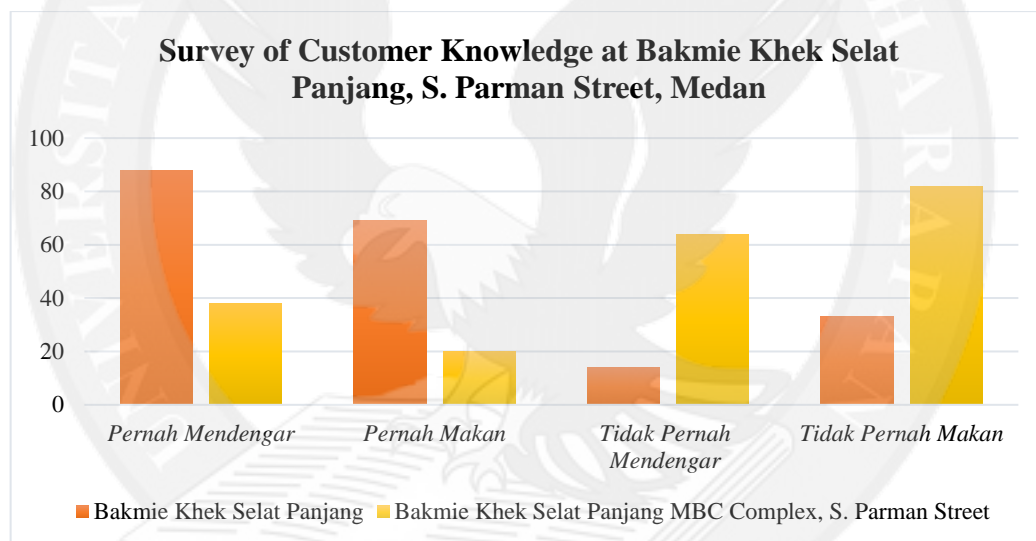


Figure 1. 3 Survey of Customer Knowledge

Source: Prepared by Writer (2024)

The survey indicates that at Bakmie Khek Selat Panjang, 86.3% (or 88 out of 102 people) have heard of it, and 67.6% (or 69 out of 102 people) have eaten there. Conversely, 13.7% (or 14 out of 102 people) have not heard of it, and 32.4% (or 33 out of 102 people) have never eaten there. For the branch of Bakmie Khek Selat Panjang at MBC Complex, S. Parman Street, only 37.3% (or 38 out of 102 people) have heard of it, and 19.6% (or 20 out of 102 people) have eaten

there. Conversely, 62.7% (or 64 out of 102 people) have not heard of this branch, and 80.4% (or 82 out of 102 people) have not eaten there.

Apakah Anda berencana untuk mencoba atau kembali membeli produk dari Bakmie Khek Selat Panjang cabang Komplek MBC, Jalan S. Parman?
102 jawaban

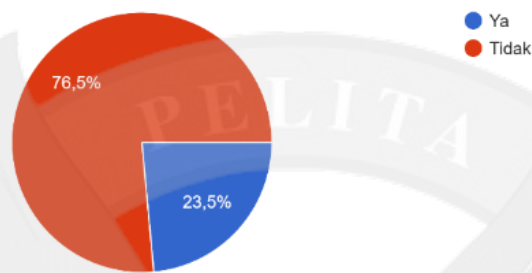


Figure 1. 4 Customer Repurchase Intention Survey
Source: Prepared by Writer (2024)

This indicates that the Bakmie Khek Selat Panjang branch in the MBC Complex on S. Parman Street is not widely recognized due to its weak brand image. Additionally, only 23.5% (or 24 out of 102 people) expressed a desire to try or repurchase the product from the branch.

Another crucial aspect of food outlets is the quality of their food, which must be aligned with consumer needs and expectations. Therefore, high food quality standards must be maintained by food businesses. When customers' expectations are met by the food, memories about the food and existing sensory responses are brought together, leading to an increased likelihood of repurchase by customers (Edgar & Ellitan, 2024). Additionally, when customers have positive memories of the food, there is a tendency to seek it out repeatedly due to the satisfaction derived from the product (Teressa et al., 2024). Maintaining customers who are likely to repurchase is more cost-effective than acquiring new

customers, which is why customer repurchase intention is crucial for a business. This cycle not only retains customers but also attracts new ones, supporting continuous business growth and increasing restaurant revenue.

Bakmie Khek Selat Panjang is renowned for its delicious noodle flavor. However, maintaining the same delicious taste every day can be quite challenging. Bakmie Khek Selat Panjang branch on S. Parman Street has received feedback indicating that the noodles are often mushy, not tasty, and have a burnt aroma. Another frequent issue is the absence of eggs that were paid for but not included in the meal, despite an additional cost of 10,000 rupiahs. Additionally, there are frequent incorrect orders, such as keto eggs and dumplings that were ordered but not included, jumbo-sized portions ordered but not delivered as such, and orders for bakmie that arrive as kwetiau. Below are the sorted critiques compiled by the writer. These can be further seen in Appendix N, which details customer reviews for Bakmie Khek Selat Panjang – S. Parman through GrabFood from July 1, 2023, to June 30, 2024.

Table 1. 1 Customer Reviews on GrabFood

No	Name	Comments	Rating
1	Mariman	<i>Tidak taruh Yen Sui .</i>	2 out of 5
2	joe	<i>makin lama makin parah.jelas2 ditulis kuah mie tdk usah,malah langsung dituang ke mienya semua. Jualan kok malas baca</i>	1 out of 5
3	Leon	<i>pesan bakmie dipaking kwetiau</i>	3 out of 5
4	Christina	<i>mie nya lembek</i>	3 out of 5
5	alex	<i>yg dipesan makanan jumbo kosong tetapi datang tidak sesuai pesanan dimana datang isi dalam porsi tidak jumbo, mohon ketelitian lain kali dan professional ditingkatkan, tks</i>	1 out of 5
6	Suhendri	<i>mie nya hari ini lembek sekali.. kecewa beratttt</i>	2 out of 5
7	Regita	<i>mienya ada bau gosong</i>	3 out of 5
8	Frederick	<i>bukan sekali tapi sudah beberapa x tidak dan lupa kasih cabai</i>	1 out of 5
9	Rian	<i>tidak sesuai pesanan</i>	1 out of 5

10	Suryadi C.	<i>suruh jangan pake Chang (daun Bawang) tetap aja dipakaikan. kurang teliti apa sengaja.</i>	1 out of 5
11	Odelia	<i>mieny deliv nya gak enak, terlalu lembek& seperti belum matang</i>	1 out of 5
12	Andrew	<i>makanan tidak sesuai pesanan...pesan telur dan pangsit tidak dikasih</i>	1 out of 5
13	joe	<i>telurnya ga ada. ini gimana sih? kenapa servicenya makin lama makin parah.mie terlalu lembek lah, skrg telur ga ada. Masih niat jualan?</i>	1 out of 5
14	Veronica	<i>telur kecapnya tidak dikasih.uda bayar 10rb telurnya ga ada</i>	1 out of 5
15	Thomas	<i>plis deh bisa tidak kasi telur kecap ya padahal itu seharga 10k. mau minta driver ambil lagi kasian. biar lah saya yg rugi. tp saya kecewa sama tokonya. kenapa teledor begitu.</i>	3 out of 5

Source: Prepared by Writer (Grab, 2024)

Several issues were highlighted in the reviews left by customers for Bakmie Khek Selat Panjang – S. Parman on GoFood over the past year. Customers reported that the portions were smaller compared to previous orders. Problems with packaging were noted, as the soup occasionally leaked from the plastic container, leading to a messy unpacking experience. Complaints were also made about the noodles being overly oily and the meat lacking freshness. Lastly, the variety of food options is limited, following the typical noodle shop format, and offering nothing unique compared to other noodle shops. Below are the sorted critiques compiled by the writer. These can be further seen in Appendix N, which details customer reviews for Bakmie Khek Selat Panjang – S. Parman through GoFood.

Table 1. 2 Customer Reviews on GoFood

No	Name	Comments	Rating
1	W***** R*****	<i>porsinya kecil dibanding beli sebelumnya</i>	2 out of 5
2	S*****	<i>hanya 2 suap sudah habis</i>	3 out of 5
3	I***	<i>kuahnya tumpah, mhn ke dpnnya lbh diperhatikan</i>	4 out of 5
4	L**	<i>bocor semua... ga dikasih cabe juga</i>	2 out of 5
5	S*****	<i>terlalu banyak minyak</i>	4 out of 5
6	E*****	<i>dpt daging yg kurang fresh, agak bau</i>	1 out of 5

Source: Prepared by Writer (Gojek, 2024)

These issues collectively illustrate significant challenges in maintaining a positive brand image, ensuring high food quality, and delivering a satisfying customer experience, which is essential for driving repurchase intentions and recommendations. In light of these challenges, the writer has chosen the title **“The Influence of Brand Image and Food Quality on Repurchase Intention Mediated by Customer Satisfaction in Bakmie Khek Selat Panjang, S. Parman Street Medan”**.

1.2 Problem Limitation

This study has limitations that should be considered to enhance its accuracy. It concentrates primarily on the central issue and discussion, focusing on Brand Image (X1) and Food Quality (X2) as independent variables, Repurchase Intention (Y) as the dependent variable, and Customer Satisfaction (Z) as a mediating variable. The research was conducted at the Bakmie Khek Selat Panjang branch located in the MBC Complex on S. Parman Street, Medan.

1.3 Problem Formulation

Drawing from the background information outlined in the study, the problems can be identified as follows:

1. Does brand image influence customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan?
2. Does food quality influence customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan?

3. Does brand image influence repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan?
4. Does food quality influence repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan?
5. Does customer satisfaction influence repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan?
6. Does brand image influence repurchase intention through customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan?
7. Does food quality influence repurchase intention through customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan?

1.4 Objective of the Research

The purpose of this research is to draw conclusions and propose solutions based on the previously formulated hypothesis. In light of the study's background, the research objectives are as follows:

1. To analyze whether brand image significantly influences customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan.
2. To analyze whether food quality significantly influences customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan.
3. To analyze whether brand image significantly influences repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan.
4. To analyze whether food quality significantly influences repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan.

5. To analyze whether customer satisfaction significantly influences repurchase intention at Bakmie Khek Selat Panjang, S. Parman Street Medan.
6. To analyze whether brand image significantly influences repurchase intention through customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan.
7. To analyze whether food quality significantly influences repurchase intention through customer satisfaction at Bakmie Khek Selat Panjang, S. Parman Street Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This research enhances the understanding of the relationship between brand image and food quality on repurchase intention through customer satisfaction, focusing on Bakmie Khek Selat Panjang on S. Parman Street, Medan.

1.5.2 Practical Benefit

This research offers practical benefits in three key areas:

1. For the writer, the research enhances the writer's understanding of the interplay between brand image, food quality, and customer satisfaction in influencing repurchase intentions. This insight contributes to the writer's expertise in consumer behavior and brand management, supporting their academic and professional growth. Additionally, the study provides a solid foundation for future research projects and publications.

2. For Bakmie Khek Selat Panjang, S. Parman Street Medan, the research offers actionable insights that can help the Bakmie Khek Selat Panjang – S. Parman Branch improve its operational strategies. By addressing the identified issues, the branch can enhance its quality controls and brand management practices, leading to increased repurchase intentions and better alignment with consumer expectations. These improvements can help the branch gain a competitive advantage in the market.
3. For other researchers, the study serves as a valuable reference for other researchers investigating similar challenges in the food and beverage industry. The insights into the impact of brand image and food quality on repurchase intentions, mediated by customer satisfaction, offer a basis for comparative studies and further research. Other researchers can use these findings to develop new hypotheses and contribute to a deeper understanding of consumer behavior and brand management strategies.