

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the modern era of globalization, the culinary industry continues to grow every year. Such rapid growth requires business actors to be able to adapt to changes in consumer needs and desires. As a result, to maintain the continuity of their business, they must seek opportunities in commercial competition. The increasing number of businesses that are being established, both small and large, indicates that competition is very rapid. Businesses must be able to survive and compete in this situation. With so many new companies in the business world competing, the conditions of competition between businesses can be increasingly tight. In this tight competition, businesses must be able to make plans to meet the diverse needs of consumers.

To develop a culinary business, business actors must do more than just rely on the goods or products they sell. Business actors must also increase customer retention by utilizing the right marketing strategy. Customer retention is the tendency of customers to stay with a service provider and make purchases in the future. The existence of this customer retention will not only provide "economic security" for the company, but also be a benchmark for customer intentions to remain loyal to the company. In general, customer retention in this study is influenced by three things, namely Menu Diversity, Ambience and Hygiene.

Jumbo Seafood Restaurant is a Chinese Food restaurant in Medan City. This restaurant is located at Jalan Putri Hijau No.8ABCD, Medan City. Located in an easily accessible location, this restaurant serves a variety of dishes ranging from crabs, shrimp, shellfish, to fish, all of which can be enjoyed in a comfortable and friendly ambience. To increase customer retention, Jumbo Seafood Restaurant must pay more attention to menu diversity, ambience and hygiene so that customers feel comfortable and have the desire to make purchases in the future.

Table 1.1 Data On The Number Of Visitors Of Jumbo Seafood Restaurant Medan For 2020-2023

Years	Number of visitors
2020	1.105
2021	1.368
2022	1.240
2023	1.022

Source: Jumbo Seafood Restaurant, 2024

Based on the statistics shown above, it is clear that the number of visitors to Jumbo Seafood Restaurant decreased between 2020 and 2023. The decline in the number of visitors over the past 4 years is due to customers not wanting to make repeat purchases because the diversity menu does not meet customer expectations so that customers do not make the Jumbo Seafood Restaurant diversity menu their first choice. In addition, customers feel that not all of the food menus offered have a delicious aroma so that customers often switch to visiting other restaurants such as the Lembur Kuring restaurant.

Increased customer retention in restaurants is due to the diversity of the menu. Each customer has different food preferences, so restaurants need to serve a diverse menu to attract consumer interest and make it easier for customers to dine at the place. Product diversity in a restaurant is a variety of products in the sense of

completeness of the menu starting from taste, size/portion of serving, and quality and availability of the product at all times in the restaurant. Due to the depth, breadth, and quality of the variety of goods offered by retailers, customers tend to choose restaurants that offer a varied and complete product line. The more diverse the products that will be sold in a place will increase customer retention.



Figure 1.1 Menu Diversity of Jumbo Seafood Restaurant

Source: Jumbo Seafood Restaurant, 2024

From the picture above, it can be seen that the menu offered by Jumbo Seafood Restaurant is very diverse. This can be seen from the various types of food chosen by customers to eat at the restaurant, ranging from fish, shrimp, sea cucumbers and others, there are variations in food portions offered when choosing the desired food with various food sizes ranging from small, medium and large. Although the menu offered by Jumbo Seafood Restaurant is diverse, many young

people are not suitable for the Jumbo Seafood Restaurant menu, and are only liked by parents/millennials, so the diversity menu must have new innovations so that young people can come.

Visitors to a restaurant, in addition to enjoying the food and beverage products offered, also enjoy the ambience offered. Ambience is an important component in a restaurant that influences consumer behavior in buying. The ambience in a restaurant is one of the factors that increases customer retention. Good arrangement of the surrounding conditions will certainly create a mood from what is felt by visitors. such as music, lighting, aroma, air temperature, color, noise and also cleanliness, so that later customer retention can increase.



Figure 1.2 Ambience of Jumbo Seafood Restaurant
Source: Jumbo Seafood Restaurant, 2024

From the picture above, it can be seen that the ambience of Jumbo Seafood Restaurant. This can be seen from the lighting in the restaurant which is still less

attractive to look at so that at least there is a little discomfort for visitors when eating at Jumbo Seafood Restaurant. The arrangement of the table is also still narrow so that when there are many visitors, the food service will be disrupted.

Food hygiene is a disease prevention initiative that focuses its efforts on the quality or safety of the food itself. Food hygiene must still be maintained even though buyers do not see the kitchen or do not eat on site, but choose to buy through food application services. Proper hygienic measures in the manufacturing and processing of food. Food hygiene indicators encompass the processes of choosing, storing, processing, and serving food components, as well as the equipment. Nutritious and hygienic food is considered healthy food. Hygienic food is food that is free from pathogens and toxins that can harm health.



Figure 1.3 Hygiene of Jumbo Seafood Restaurant

Source: Jumbo Seafood Restaurant, 2024

From the picture above, it can be seen that Jumbo Seafood Restaurant can maintain food hygiene. This can be seen from the presentation of attractive and

clean food so that it arouses the interest of customers to try the food served. The equipment offered is also very clean which can be seen when serving food where there is no dust on the food plate.

Based on the description of the phenomena above, the writer is interested in doing research under the heading **“The Effects of Menu Diversity, Ambience and Hygiene on Customer Retention in Jumbo Seafood Restaurant Medan”**.

1.2 Problem Limitation

Limiting a problem is used to avoid any deviations or broadening of the main problem so that the research is more focused and makes it easier to discuss so that the research objectives will be achieved. In this research, the writers established variable issue constraints for menu diversity, ambience, and hygiene as independent variables (X), and customer retention as dependent factors (Y). This study was done at Jumbo Seafood Restaurant on Jl. Putri Hijau No.8ABCD, Jl. Putri Hijau Baru, Kesawan, West Medan District, Medan City, North Sumatra. The population and sample utilized were consumers who visited to eat and drink more than once in 2024.

1.3 Problem Formulation

The formulation of the research problem is as follows based on the context previously mentioned by the writer:

1. Does the menu diversity has a partial effect on Customer Retention in Jumbo Seafood Restaurant Medan?

2. Does the ambience has a partial effect on Customer Retention in Jumbo Seafood Restaurant Medan?
3. Does the hygiene has a partial effect on Customer Retention in Jumbo Seafood Restaurant Medan?
4. Do the menu diversity, ambience and hygiene have simultaneous effect on Customer Retention in Jumbo Seafood Restaurant Medan?

1.4 Objective of the Research

The objective of this research is:

1. To analyze and explain how the menu diversity has a partial affect on Customer Retention in Jumbo Seafood Restaurant Medan.
2. To analyze and explain how the ambience has a partial affect on Customer Retention in Jumbo Seafood Restaurant Medan.
3. To analyze and explain how the hygiene has a partial affect on Customer Retention in Jumbo Seafood Restaurant Medan.
4. To analyze and explain how the menu diversity, ambience and hygiene have a simultaneous affect on Customer Retention in Jumbo Seafood Restaurant Medan.

1.5 Benefit of The Research

Depending on the purpose of the research, it is expected that the research will have a direct or indirect impact on education. Here are some of the benefits of this research:

1.5.1 Theoretical Benefit

It is anticipated that the theoretical advantages of this study will help academics better understand how Jumbo Seafood Restaurant Medan's menu diversity, ambience, and hygiene affect customer retention.

1.5.2 Practical Benefit

The practical benefits of this research are

1. For writers, this research adds to the understanding of experience and is an application of the ideas that researchers learned while studying at Pelita Harapan University.
2. For Jumbo Seafood Restaurant Medan, it is hoped that the results of this research can be used by the management of Jumbo Seafood Restaurant Medan as additional information and considerations or input to improve menu diversity, ambience and hygiene in order to create interest for customers and potential customers in the decision to make customer retention.
3. For other researchers, it is hoped that other researchers would find the study's findings helpful for comparison, ideas, and consideration when they perform more research.