

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The Food and Beverage (F&B) industry in Medan, Indonesia is really interesting right now. Medan is one of the big cities in Indonesia, and it's known for having lots of yummy food. If you walk around the city, you'll see tons of different places to eat and drink, from small street food stalls to fancy restaurants. One cool thing about Medan's F&B scene is how diverse it is. You can find traditional Indonesian food like Nasi Padang and Soto, but you can also find other Asian cuisines like Chinese, Japanese, and even Thai food. Plus, there are a lot of Western options too, like pizza, burgers, and pasta. This mix of flavours makes eating out in Medan exciting because there's always something new to try. Another thing going on is that a lot of people in Medan are passionate about food and drinks.

The food and beverage industry is becoming more competitive. This also occurs at food and beverage establishments like Tip Top Restaurant; in order to keep consumers happy and prevent them from moving elsewhere, they need to be fiercely competitive. For a firm, loyalty is crucial since devoted customers will pay rewards over the course of the enterprise. Regular consumer purchases of goods from the same business are a better indicator of loyalty. To put it another way, one of the elements influencing future restaurant development and sales growth is customer loyalty.

Tip Top Restaurant is a bakery & casual restaurant that has been around for a long time and serves Western & Asian dishes located in the city of Medan. To increase the number of customers, Tip Top Restaurant seeks to increase customer loyalty through Service Quality, Brand Image and Ambience. However, it is not easy to increase customer loyalty at Tip Top Restaurant, because Tip Top Restaurant requires appropriate and efficient marketing strategies. When conducting initial observations at Tip Top Restaurant, researchers found information on the number of customers during 2020-2023.

Table 1.1 Data On The Number Of Customers Of Tip Top Restaurant In The City Of Medan For 2020-2023

Years	Number Of Customers
2020	1.005
2021	964
2022	858
2023	651

Source : Tip Top Restaurant, 2024

The table above indicates that the number of customers of Tip Top Restaurant decreased between 2020 and 2023. This information on the number of customers was obtained by researchers from Tip Top restaurant management during a pre-survey. The problem with the number of customers is suggested because Tip Top Restaurant pays less attention to the quality of service to customers, the company's brand image, and the unpleasant atmosphere of Tip Top Restaurant all contribute to the drop in the number of consumers.

Service quality is significantly tied to restaurant customer loyalty. The idea of service excellence is always evolving. One of the accomplishments is the high level of service. Service quality is a method of meeting customer requests and demands while ensuring adequate execution to balance consumer expectations.

Essentially, service quality is determined by comparing what customers anticipate from a service and how they receive it.



Figure 1.1 Review Service Quality Tip Top Restaurant

Source: Tip Top Restaurant, 2024

Based on review service quality Tip Top Restaurant, it is also known that the service quality is still low because the restaurant employees are not friendly and smile when customers come to the restaurant and the service provided by the restaurant is very slow which makes customers wait a long time for their orders so that this makes customers not want to make purchases in the future.

Additionally, consumer decisions that subsequently affect loyalty are influenced by the brand image. A product image that is especially ingrained in the consciousness of the consumer is known as brand branding. A better brand image translates into a stronger sense of accomplishment for the brand, which keeps

customers loyal and helps the business grow over time. Strong brand-image products are able to endure, compete, and even dominate the market.

Table 1.2 Restaurant Ranking Data In Medan City In 2024

Restaurant Name	Addres	Rating
Lembur Kuring	Jl. T. Amir Hamzah No. 85	4,6
Restoran Koki Sunda	Jl. Hasanuddin No. 1	4,5
Restoran Miramar	Jl. Pemuda No. 11 ABC	4,4
Tip Top Restaurant	Jl. Jend Ahmad Yani No. 92 AB	4,4

Source : Tip Top Restaurant, 2024

Based on restaurant ranking data in Medan city, it is known that Tip Top Restaurant still has a value of 4.4 compared to other restaurants such as Lembur Kuring and Restoran Koki Sunda. This can be seen that customers are not too interested in Tip Top restaurant food because the price of food is still too expensive for customers. In addition, when coming to Tip Top Restaurant, customers know that this restaurant has poor service so that Tip Top Restaurant is not the main choice for customers.

Along with service quality and brand image, atmosphere is a strategy that can influence customer loyalty. A pleasant and attractive atmosphere makes customers interested in using restaurant products and services. The concept of the restaurant is designed to be as comfortable and unique as possible, providing a space with an impressive atmosphere. The combination of space design elements, layout, visual communication and marketing can create a comfortable atmosphere so that customer loyalty to the restaurant will increase.



Figure 1.2 Ambience of Tip Top Restaurant

Source: Tip Top Restaurant, 2024

Tip Top Restaurant has a visually appealing interior design as seen in Figure 1.2, by maintaining the design of the Dutch colonial era and the lighting and colors of the room used create a comfortable and pleasant atmosphere. The table arrangement at Tip Top Restaurant is also pleasant, neat, and orderly. So this is what makes customers often come to Tip Top Restaurant.

Based on the explanation of the phenomenon above, the author wants to re-examine which factors can most influence customer loyalty at the Tip Top restaurant by choosing the title “**The Influence of Service Quality, Brand Image, and Ambience towards Customer Loyalty at Tip Top Restaurant in Medan**”.

1.2 Problem Limitation

The writers established variable problem restrictions on customer loyalty as dependent variables (Y) and service quality, brand image, and ambience as independent variables (X) due to time and skill constraints. The indicator of service quality is reliability, responsiveness, assurance, empathy and tangibles (Tjiptono & Chandra, 2019). Brand image indicators refer to recognition, reputation, affinity (Putri & Nilowardono, 2021). Indicators of ambience are Cleanliness, Music, Scent, Temperature, Lighting, Colour, Display/Layout (Putri & Nainggolan, 2022). Indicators of customer loyalty are making regular repeat purchases, referring to others and demonstrating immunity to the pull of other competitors (Manaf & Prastiwi, 2024). This research was conducted at Tip Top Restaurant located at Jl. Jend. Ahmad Yani No.92 A-B, Kesawan, West Medan District, Medan City, North Sumatra. The population and sample used were customers who came to eat and drink more than once during 2024.

1.3 Problem Formulation

The issue statement for this study is as follows, which is based on the backdrop that the authors previously described:

1. Does the service quality has a partial effect towards customer loyalty at Tip Top Restaurant in Medan?
2. Does the brand image has a partial effect towards customer loyalty at Tip Top Restaurant in Medan?
3. Does the ambience has a partial effect towards customer loyalty at Tip Top Restaurant in Medan?
4. Do the service quality, brand image, and ambience have simultaneous effect towards customer loyalty at Tip Top Restaurant in Medan?

1.4 Objective of the Research

The objective of this research is :

1. To analyze and explain how the service quality has a partial affect towards customer loyalty at Tip Top Restaurant in Medan.
2. To analyze and explain how the brand image has a partial affect towards customer loyalty at Tip Top Restaurant in Medan.
3. To analyze and explain how the ambience has a partial affect towards customer loyalty at Tip Top Restaurant in Medan.
4. To analyze and explain how the service quality, brand image, and ambience have a simultaneous affect towards customer loyalty at Tip Top Restaurant in Medan.

1.5 Benefit of The Research

It is expected that this research will have both direct and indirect

consequences on education, depending on the study's objectives. Among the advantages of this research are the following:

1.5.1 Theoretical Benefit

It is anticipated that this study will advance understanding and expertise on customer loyalty. It aids in our comprehension of the connection between Tip Top Restaurant in Medan's customer loyalty, ambiance, brand image, and service quality.

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 Tip Top Restaurant in Medan, the results of this study can lead to real improvements. By knowing what customers love the most, they can focus on enhancing those areas. For example, if customers love the variety of the menu, the restaurant can introduce new dishes regularly. If the ambiance is what keeps customers coming back, they can invest in making the place even cozier.
3. For other researchers, it is hoped that the findings of this study would be helpful to other researchers as a comparison, as recommendations, and as something to think about while doing more research.