CHAPTER I

INTRODUCTION

1.1 Background of Study

In the middle of people busy work life, changing demographics and lifestyles have caused people to cook and eat at home less often than before, leading to a decrease in home-cooked meals. Although eating habits differ across regions, dining out or consuming food away from home has become a common practice embraced by diverse communities. Among these factors, Cafe atmosphere, brand image and service quality have proven to be key element that greatly influence customer satisfaction. In today's highly competitive hospitality sector, reaching customer satisfaction is essential for the success and longevity of any business. The significance of customer satisfaction cannot be overstated within this industry. This is an industry where the quality of service provided is under constant scrutiny by customers. Customer are investing in an experience, and the services they receive plays a critical role in shaping that experience N. A. Munawaroh & Zagladi (2024). For cafes and restaurants, several key factors significantly influence how customers perceived and experience their visit. These factors include the atmosphere of the establishment, the brand image it projects, and the quality of service it provides. Each of these elements plays a vital role in shaping a customer's overall experience and satisfaction.

Over the past decade, the concept of customer satisfaction has been a central and extensively discussed theme within the field of advertising literature. Researchers and industry professionals alike have delved deeply into this topic, exploring various dimensions and implications of customer satisfaction in relation to advertising strategies Khudhair et al. (2019). For cafes and restaurants, this means they must pay close attention to a variety of factors that influence the overall experience of their customers. To stay competitive and maintain their relevance in the market, these establishments need to prioritize several key elements. Among the most influential of these elements are the atmosphere of the establishment, the brand image it projects, and the quality of service it offers. Common Folks, situated in Medan, strives to offer its customers exceptional dining experiences. However, to sustain its competitive advantage and continue attracting and retaining customers, it is crucial for Common Folks to deeply understand how these various factors impact customer satisfaction. By gaining insights into the specific ways that atmosphere, brand image, and service quality affect customer perceptions, Common Folks can make informed.

Common Folks is a new establishment located at Jalan H. Misbah No. 18, Medan. It offers a casual and cozy ambiance, making it an Instagram-worthy spot. The cafe features a wide range of both Indonesian and Western dishes.
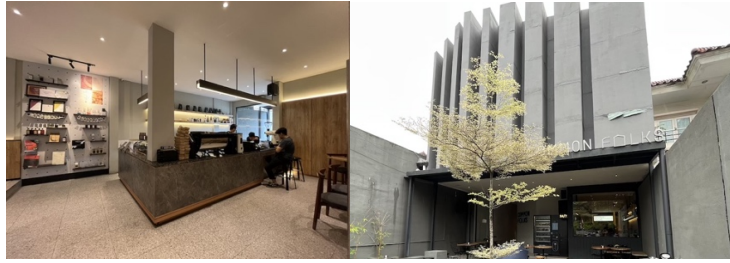
Figure 1.1 Common Folks Overview

Sources: Common Folks Multatuli

According to Sungkawati et al. (2019) image is relatively straightforward to grasp at a basic level, as it pertains to the general perception or impression that people have about a person, brand, or entity. It is a mental picture formed in the minds of consumers, influenced by their experiences, perceptions, and interactions with the brand. According to Kauppinen-Räisänen et al. (2020) the atmosphere of a store encompasses a diverse array of physical characteristics that collectively shape the overall environment and influence customer perceptions. This includes the architectural design of the store, the arrangement and layout of various elements within the space, and the presence of informative or decorative signs. According to Zhong & Moon (2020) the quality of service provided by an organization can have a profound impact on customer satisfaction, which is a key factor in determining the success of the business. When a company delivers high-quality service, it positively influences how customers perceive their overall experience, making them feel valued and appreciated.

Common Folks Medan received positive feedback from its visitors where we can see through google review, which led to an increase in new customers over time but as time goes by there is a decrease in customers.

Figure 1.2 Customer reviews for Common Folks Multatuli Medan

Source: Google Reviews

Despite the overall positive reviews received by Common Folks, there are still some negative comments indicating that Common Folks Multatuli Medan needs to address issues related to cafe atmosphere, brand image, service quality to improve customer satisfaction at Common Folks Medan.

The atmosphere at Common Folks is often described as unremarkable, failing to provide a memorable experience or make customers feel comfortable enough to stay and enjoy their meals because the space at Common Folks is a little bit small and if it is very busy it can be very noisy so if there a customers who want to relax and working at Common Folks, they will feel uncomfortable with the ambience. There is also one customer who gave feedback that because of Common Folks is pet friendly place there is a slightly unpleasant smell. Some customers have also complained about the cleanliness of the prayer room, noting that it has a lot of trash lying around and is poorly lit, this could cause customer dissatisfaction towards Common Folks.

Additionally, regarding the brand image, there is also some complain that the staff or waiters was not really friendly, they didn't provide any books menu, at common folks there is also a complain that the taste of the food was not equal to the price this

make customer feel dissatisfaction then it will affect the brand image because customers who are unhappy are more inclined to communicate their negative experiences to their friends, family, and on various social media platforms. This tendency highlights the importance of addressing customer satisfaction, as the repercussions of dissatisfaction can extend far beyond the individual, potentially influencing the perceptions of others in their social circles. This sharing of negative feedback can occur rapidly, posing a risk to the cafe reputation and discouraging prospective customers from visiting.

Regarding service quality, several customers have recently expressed their dissatisfaction regarding the quality of service experienced at Common Folks. They stated that the employees did not pay attention to whether the customers had left or not because one customer complained that he only went to the toilet briefly but the food on their table had already been cleaned, which contributed to their overall dissatisfaction and there also a problem with the serving food because many people complain that the food was too long for served for example the food came out almost one hour.

Table 1.1 Common Folks Customer Data Period 2021-2023

Period	Total Customer
2021	70.000 customers
2022	67.700 customers
2023	62.000 customers

Sources: Common Folks Multatuli

From the table above, there is a number of customers who visited common folks Medan from 2021-2023. In 2021 the number of customers was seventy thousand customers but in 2022-2023 customer who visited common folks has decreased, this

can be interpreted as a problem with the customer satisfaction which causes customers to not be satisfied.

Based on the background study above, the writer aims to conduct research with the title: **"THE INFLUENCE OF CAFE ATMOSPHERE, BRAND IMAGE, AND SERVICE QUALITY ON CUSTOMER SATISFACTION AT COMMON FOLKS MULTATULI MEDAN."**

1.2 Problem Limitation

For the problem limitation, this research will be focused on 4 variables, which are Cafe Atmospheres (X_1), Brand Image (X_2), Service Quality (X_3), and Customer Satisfaction (Y). The final limitation is that the research object will be Common Folks were located at Jalan H. Misbah No. 18, Medan.

Cafe Atmospheres indicators are level comfort, view cafe, cafe appearance Brand Image indicators are strength, favorability, uniqueness. Service Quality indicator is reliability, tangibles, assurance, empathy, responsiveness. Customer Satisfaction indicator is Overall satisfaction and repurchase intention.

1.3 Problem Formulation

Based on the description of the background of the problem above, there are identification problem in this study can be identified:

1. Does cafe atmosphere have a partial influence on customer satisfaction at Common Folks Multatuli Medan?

2. Does brand image have a partial influence on customer satisfaction at Common Folks Multatuli Medan?

3. Does service quality have a partial influence on customer satisfaction at Common Folks Multatuli Medan?

4. Do cafe atmosphere, brand image, and service quality simultaneous influence on customer satisfaction at Common Folks Multatuli Medan?

1.4 Objective of the Research

The objective of the research as follow:

1. To analyze the influence of cafe atmosphere on customer satisfaction at Common Folks Multatuli Medan.

2. To analyze the influence of brand image on customer satisfaction at Common Folks Multatuli Medan.

3. To analyze the influence of service quality on customer satisfaction at Common Folks Multatuli Medan.

4. To analyze whether cafe atmosphere, brand image and service quality simultaneous influence on customer satisfaction at Common Folks Multatuli Medan.

1.5   Benefit of the Research

1.5.1   Theoretical Benefit

This research can provide theory about the concepts of cafe atmosphere, brand image, service quality, and customer satisfaction, which can contribute valuable theoretical understanding to the field of marketing.

1.5.2   Practical Benefit

1.   For Readers

The result of this research can serve as evidence highlighting the significance of cafe atmosphere, brand image, and service quality. These elements are crucial and should be prioritized in business strategies.

2.   For Writer

The results of this research can serve as valuable insights to enhance education and provide a closer examination of actual business environments.

3.   For Other Researchers

The study serves as a reference for upcoming studies that focus on customer satisfaction, the ambiance of cafes, brand perception, and the quality of service.