

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

In every single industry in every single field, one of the most important things required to thrive is to have customers or consumers. An example would be that a bakery will not be able to grow or even thrive without a consistent stream of customers, this can be related to various factors, such as low-quality ingredients leading to batches of bread that may not be of high quality, an unsanitary environment, or just a generally uninviting ambiance. A business not only needs new customers to succeed, but it also needs to retain its existing customers. This is also the same in the restaurant industry, where a concept known as “intent to revisit” exists, which can be defined as a customer’s likelihood to return to the same business after their first initial visit. As previously mentioned with the bakery example, a customer’s intent to revisit can be affected both positively and negatively by different factors, such as the quality of the food or service, the level of service shown to the customers, the ambiance, and the overall dining experience. For any business, learning and understanding the factors that affect a customer’s intent to revisit is important, as having a steady flow of repeat customers is crucial and serves as the backbone for the long-term success of the business.

According to author, Ken Albala in his book titled “Pancake: A Global History”, he refers to pancakes as “*a starch-based comestible, poured as a batter onto a hot surface and cooked until solid*”, this definition is typically used to define the Western style pancake. Albala further states that “*They (pancakes) are usually, and proverbially, flat though with the right ingredients, an adept hand can create light fluffy specimens that rise in defiance of the horizon*”, an example

of this would be the fluffy Japanese souffle pancake. The concept of pancakes has been available in Japan since the 16<sup>th</sup> century. The first ever “pancake” made in Japan was a mixture of flour, water, sake, and char-grilled flattened dough, sweet miso would then be spread on top of the pancake before being rolled out and cut into bite-sized portions. This original pancake recipe is known as Funo-yaki (麴の焼き) and was created by Sen no Rikyu, the founder of the Japanese tea ceremony. This pancake recipe was trendy in its day and was typically used during tea ceremonies but soon fell out of popularity towards the end of the Edo-period (1603 – 1868). The concept of pancakes soon returned in the Meiji Era (1868 – 1911) with the introduction of Monjayaki (もんじゃ焼き), which is the same concept of deep-fried batter, typically made with more liquid ingredients. Eventually, people started selling Monjayaki in mobile food stalls, leading people to turn the original watery dough into a thicker consistency to adapt to its new mobile environment, this particularly thick dough is still used in Japan to this day. In the Taisho-era (1912 - 1926), with the new wave of westernization entering Japan, they were able to use western products in their cooking, leading to the creation of Meiji-era pancakes topped with Worcester sauce, scallions, an egg, and thinly sliced pork dubbed Issen Yoshoku (一銭洋食), translated literally as “one cent Western-food”.

After World War II, in what most people would call the post-World War II era of Japan, Western influence began taking the country by storm, leading to the classic American pancake gaining popularity among the Japanese citizens and American diners becoming trendy hangout spots. It was then in the 1980s and 1990s when Japanese chefs began experimenting to make their pancakes uniquely Japanese and different from their Western counterparts. To do this, they took inspiration from the French soufflé-style of separating the eggs and whipping the egg whites until they form stiff peaks for maximum fluffiness. Eventually, this technique resulted in tall, light, and fluffy pancakes that effectively set themselves apart from the flatter American pancakes.

Over the years, Japanese cuisine has gained immense popularity worldwide, with sushi, ramen, and matcha being a few examples. The rise of interest in Japanese food culture naturally led to curiosity about other Japanese dishes, including these pancakes. Soufflé pancakes also fit perfectly into the “kawaii” or cute Japanese aesthetic that has been gaining popularity in the West ever since the 1980s, because of its fluffy and aesthetically pleasing dish presentation. In the mid-2000s, these types of fluffy Japanese pancakes, started to go viral thanks to their unique fluffy texture and their status as an easy-to-make recipe. Food bloggers, social media influencers, and even regular food reviewers were able to enjoy and share their experiences with these pancakes, leading to a large surge in content online about the Japanese fluffy soufflé pancakes.

Japanese food is also quite popular in Indonesia, with the first recorded Japanese restaurant opening all the way back in 1969, known as Kikugawa. Kikugawa is located in Jakarta’s Cikini subdistrict and has been serving traditional and delicious Japanese food out of their original home for more than 50 years. Kikugawa’s history began when its founder, Terutake Kikuchi came to Indonesia in 1942 as a Japanese soldier. During his tour in Indonesia, he would meet his future wife, Amelia Paat in Bandung. After the end of the war, the couple founded Kikugawa in 1969, stating that their restaurant was named after the Japanese words for “chrysanthemum” (kiku/ 菊) and “river” (kawa/川).



*Picture 1: Kikugawa, located in Central Jakarta*

Japanese food became truly mainstream when in April 18<sup>th</sup> 1985, a man by the name of Hendra Arifin opened his restaurant, Hoka Hoka Bento in the region of Kebon Kacang. Hoka Hoka Bento, known colloquially as Hoka Bento is an Indonesian fast-food brand that mainly serves Japanese style lunchboxes also known as bento. When it first opened, Hoka Hoka Bento only provided take-away services to reflect the way Japanese salarymen would purchase their lunches from outside the office and return to the office to eat. During the business's life cycle, Hoka Hoka



*Picture 3: Hoka Hoka Bento's first location in Kebon Kacang in 1985*



*Picture 2: Hoka Hoka Bento's rebranding into HokBen*



Bento eventually found that Indonesian customers preferred to sit down in the restaurant and enjoy the ambiance as they eat, leading to Hoka Hoka Bento providing tables and chairs for customers who preferred dining in while also still providing take-away options for customers who preferred to eat on-the-go. On October 15<sup>th</sup> 2013, Hoka Hoka Bento changed their name to HokBen, along with newly designed interiors and services.

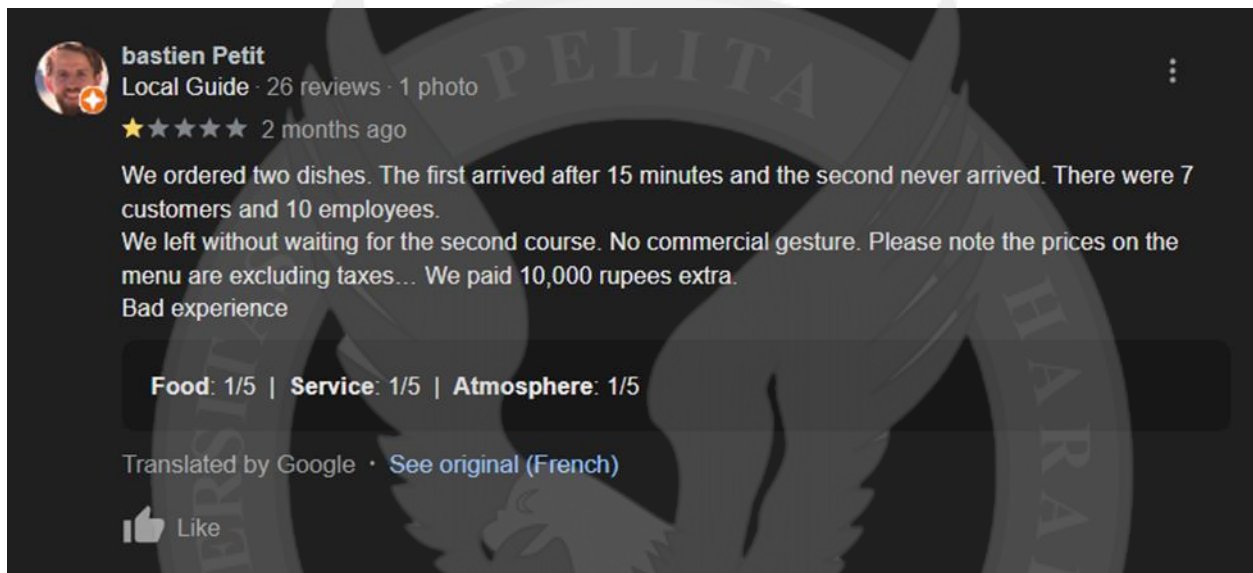
Pan & Co is an Indonesian food & beverage brand that debuted in early 2019, best known for its authentic fluffy Japanese soufflé pancakes and being the first café in Indonesia to offer this specific type of pancake. Pan & Co also offers savory meals alongside their dessert options, all of which are presented beautifully, making this a very “instagrammable” restaurant. Pan & Co has opened multiple locations across Indonesia, such as Kalimantan, Jawa Barat, Sulawesi, and Bali. One of Pan & Co’s earliest established locations is Sun Plaza, Medan which was opened in March 2022 and will be the main object of this paper.

Pan & Co, Sun Plaza Medan seeks to increase their number of customers by increasing their customer’s intent to revisit. This has been done with their service quality, menu variety, and viral marketing. However, the table below shows that Pan & Co, Sun Plaza Medan’s reviews have been steadily declining in quality. The table below shows that the number of 1 star reviews have increased since 7 months ago, while the number of 5 star reviews have been decreasing since 7 months ago.

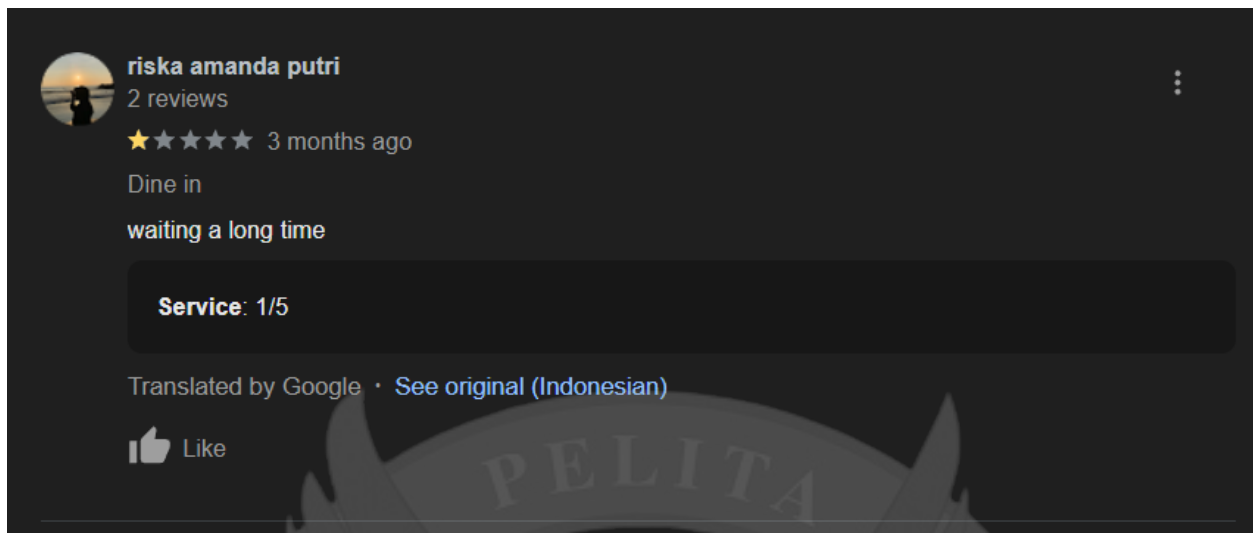
Time Period	1 star	2 star	3 star	4 star	5 star
1 month ago	3	0	0	0	1
3 months ago	2	0	0	0	2
4 months ago	1	0	0	2	1
5 months ago	1	0	0	3	0
6 months ago	2	0	0	0	3
7 months ago	1	0	0	1	3

*Table 1: Pan & Co, Sun Plaza Medan's reviews*

Service quality refers to the ability of a service provider to satisfy the customer in an efficient manner through which they can better the performance of business. (Singaraj et al., 2019). High service quality inherently leads to increased customer satisfaction, which is a strong factor in a customer's intention to revisit. Satisfied customers are also more likely to revisit and recommend the restaurant to others. Service quality also includes wait times. Pan & Co in Sun Plaza Medan has recently received many complaints relating to their long wait times, typically up to 45 minutes.



Picture 4: Google Review on wait times (1)



Picture 5: Google review on wait times (2)

According to Laura-Andreea Voicu of GloriaFood, the average wait time of a restaurant should be somewhere between 10 – 20 minutes, 5 if it's a fast-food restaurant and 20+ minutes if it's a fine-dining establishment. Seeing as how Pan n Co is considered as a café, any wait time longer than 20 minutes would be considered outrageous. According to Lahap, customers who are disgruntled about long wait times tend to complain more about the quality of their food, even if it is delicious, meaning that long wait times have a negative impact on overall customer satisfaction.

According to the world-renowned network of culinary and hospitality institutions, *Le Cordon Bleu*, having a diverse menu option means providing more options for the customers to pick and choose from, increasing both customer satisfaction and their intent to revisit. A diverse menu can cater to different tastes and dietary preferences, enhancing overall customer satisfaction. When customers find multiple appealing options, they are more likely to return to try other items on the menu or return to enjoy their favorite menu items. Unfortunately, Pan & Co in Sun Plaza, Medan has recently received a few negative reviews regarding the restaurant's overreliance on the fluffy pancake menu item, especially with how savory food items such as fried rice are also topped with fluffy pancakes.

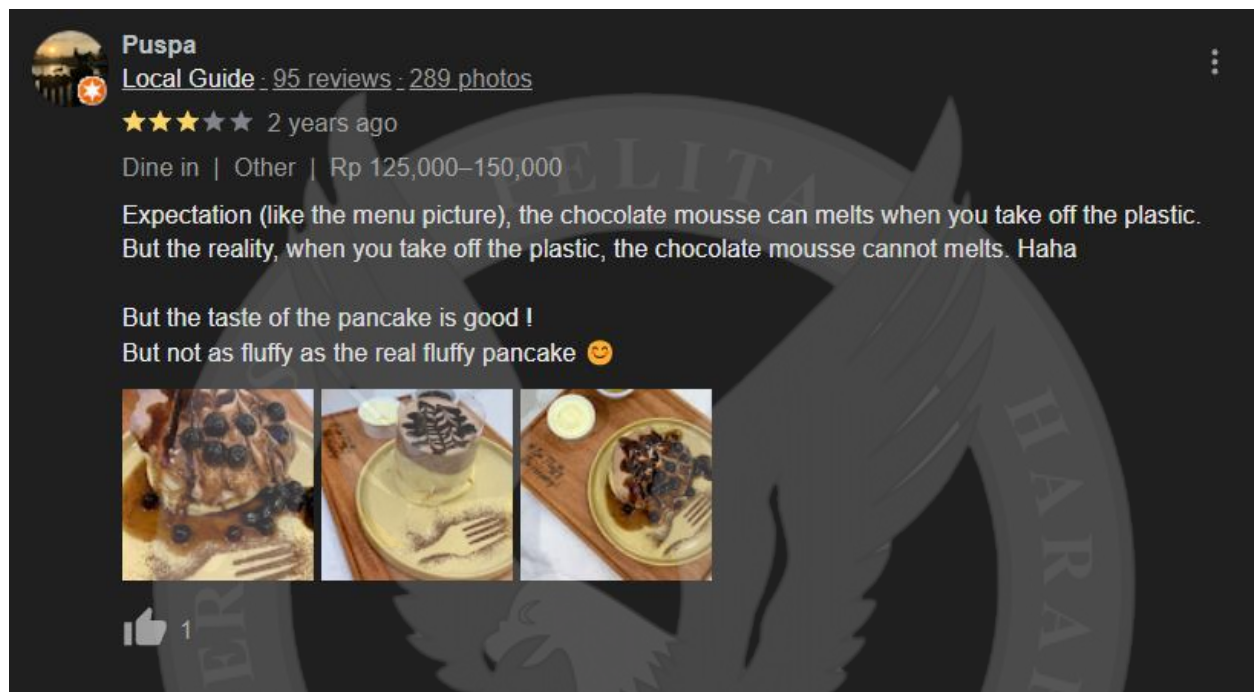


Picture 6: Google Review on Menu Variety

Viral marketing or viral advertising is a business strategy that uses existing social networks to promote a product mainly on various social media platforms (Liow et al., n.d.). In this case, Pan & Co was quick to create a social media account to promote the restaurant. Since they were the first café in Indonesia to offer authentic fluffy Japanese pancakes, they were able to attract



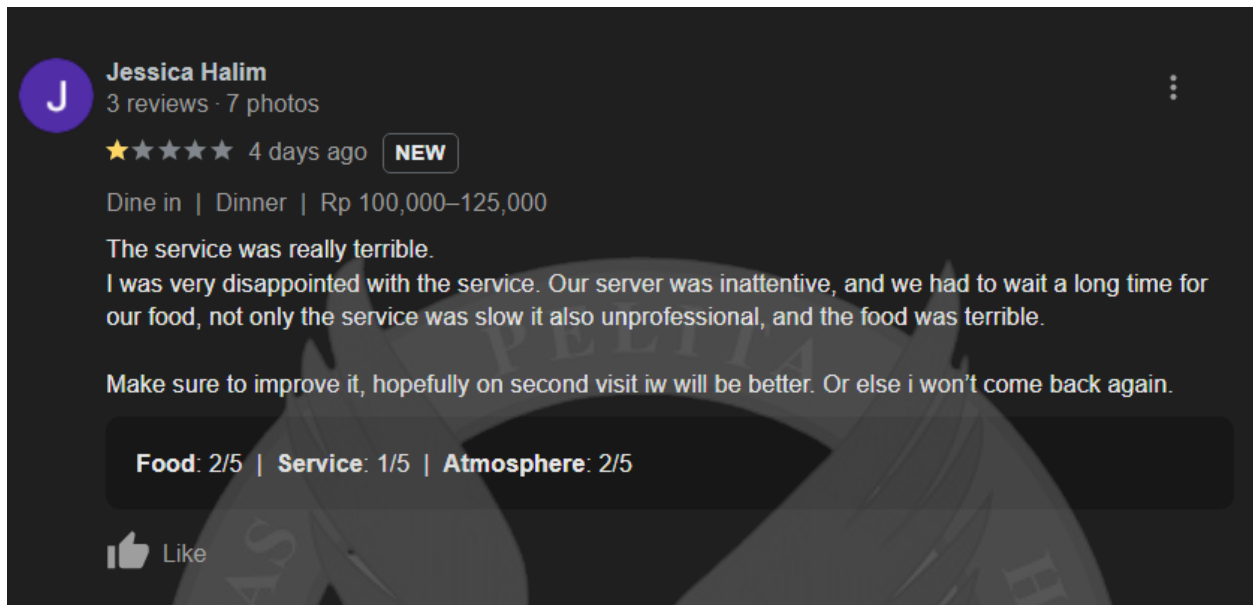
attention and generate buzz among food enthusiasts and social media users by highlighting their innovative product. Pan & Co has unfortunately received a few negative reviews that deem it as “overrated” and how the product images shared on social media may not reflect the actual product, unfortunately some pancakes and their toppings cannot always fit customer expectations and may lead to customer disappointment which can negatively affect their intent to return.



Picture 7: Google Review regarding Viral Marketing

Intent to Revisit refers to a customer’s likelihood of returning to a restaurant after their initial visit, as well as their willingness to recommend the restaurant to friends, family, or colleagues.(Chun & Nyam-Ochir, 2020). Intent to revisit plays an important role in a restaurant’s success, supporting customer loyalty, word-of-mouth marketing, and steady revenue. When diners are eager to come back, they become repeat customers, keeping business consistent and reducing the pressure to constantly bring in new guests, which can be costly. Pan & Co, Sun Plaza Medan

has recently received a few negative reviews regarding the restaurant's poor service, with some reviewers warning that they won't be coming back.



Picture 8: Google Review regarding Intent to Revisit

## 1.2 Problem Limitation

In this study, the problems will be limited to the three independent variables of service quality, menu variety, and viral marketing. The dependent variable will be the customer's intent to return.

While there are many Pan n Co outlets around Indonesia, including another one located in Medan in Delipark mall, the data for the study will be primarily taken from surveys and questionnaires given out to frequent and existing customers of Pan n Co, Sun Plaza Medan. The time taken for each variable will be from the restaurant's first opening in 2022 up until the current year of 2024.

The main results of the survey will be the measures of the customer's perception on the restaurant's service quality, menu variety, and viral marketing and how each variable affects the customer's intent to return after their initial visit.

## 1.3 Problem Formulation

Based on the background information explained in the previous section, the problems can be presented as follows:

1. Does the service quality of Pan & Co Sun Plaza Medan affect the customer's intent to revisit?
2. Does the menu variety of Pan & Co Sun Plaza Medan affect the customer's intent to revisit?
3. Does the viral marketing of Pan & Co Sun Plaza Medan affect the customer's intent to revisit?
4. Do the service quality, menu variety, and viral marketing affect the customer's intent to revisit Pan & Co Sun Plaza Medan?

## 1.4 Research Objective

From the previous explanations of the background of the study and problem formulation, the research objectives will be:

1. To evaluate how the quality-of-service impacts customers' likelihood of revisiting Pan n Co at Sun Plaza Medan.
2. To explore the influence of menu diversity on customers' decisions to return to Pan n Co in Sun Plaza Medan.
3. To analyze how viral marketing campaigns affect customers' intentions to revisit Pan n Co at Sun Plaza Medan.
4. To investigate whether service quality, menu selection, and viral marketing collectively influence customers' willingness to return to Pan n Co at Sun Plaza Medan.

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

For the theoretical benefits of the study, the author hopes that the theories about service quality, menu variety, viral marketing, and intent to return can be understood and utilized in future studies by other authors. This study can also provide valuable insights for the hospitality industry by guiding businesses to enhance customer retention through improved service quality, optimized menu design, and effective viral marketing strategies, which can help other businesses in the restaurant industry to improve.

### **1.5.2 Practical Benefit**

#### **4.2.2.1.1 For the author**

To gain knowledge and understand the basic and the effects of service quality, menu variety, viral marketing, and intent to return and how their interactions.

#### **4.2.2.1.2 For Pan n Co, Sun Plaza Medan**

To gain insight and knowledge from the study on service quality, menu variety, viral marketing, and intent to return and utilize the knowledge learned to improve on the restaurant.

#### **4.2.2.1.3 For other authors**

To act as a reliable source for other authors in conducting research on similar topics.