

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Indonesia has a wide variety of culinary types that can be found, ranging from modern to traditional. Indonesia's traditional culinary diversity arises because of the support of geographical conditions consisting of thousands of islands. In addition, traditional culinary arises because of the factors and location of each region in its geographical conditions. Food diversity is a cultural wealth of Indonesia that can be a means of supporting food security and tourism. The diversity of food sources in Indonesia causes traditional Indonesian food to also vary (Harsana & Triwidayati, 2020).

Marketing focuses on customer relationships and plays an important role in building and maintaining customer loyalty. Good marketing, which involves a deep understanding of customer needs and desires as well as effective communication and can create a strong sense of trust and attachment between customers and brands, which in turn drives loyalty.

Traditional Indonesian cuisine is influenced by the eating habits of the surrounding community that are integrated into the socio-culture of various ethnic groups in each region ethnic groups in their respective regions. The culinary can be liked because of the taste, texture and according to the tastes of the local community. In addition to the ingredients, traditional culinary can be influenced by the way it is processed, which is done in various and varied ways, such as

burning or grilling, smoking, ordering and frying (Asep Parantika & Gaby Jenica, 2022).

Warung Mak Beng was founded by Ni Ketut Tjuki and I Putu Gede Wirya (Nyoo Tik Gwan) since 1941. The Mak Beng chili sauce initiative was pioneered by Mak Beng's father-in-law and has been a specialty since the establishment of



the stall. Warung Mak Beng is one of the legendary stalls in Bali, located at Jl. Hang Tuah No. 45, Sanur, Denpasar. Before becoming the target of local and foreign tourists in Bali, this food stall was better known as a stopping place for public transportation drivers. Warung Mak Beng offers a signature menu of fish head soup and fried fish. The fish used depends on availability such as tuna, snapper, mackerel, or fish. The fish is caught by local fishermen in the Sanur area and other parts of Bali.



**Figure 1. 1. The Iconic Menu in Warung Mak Beng**

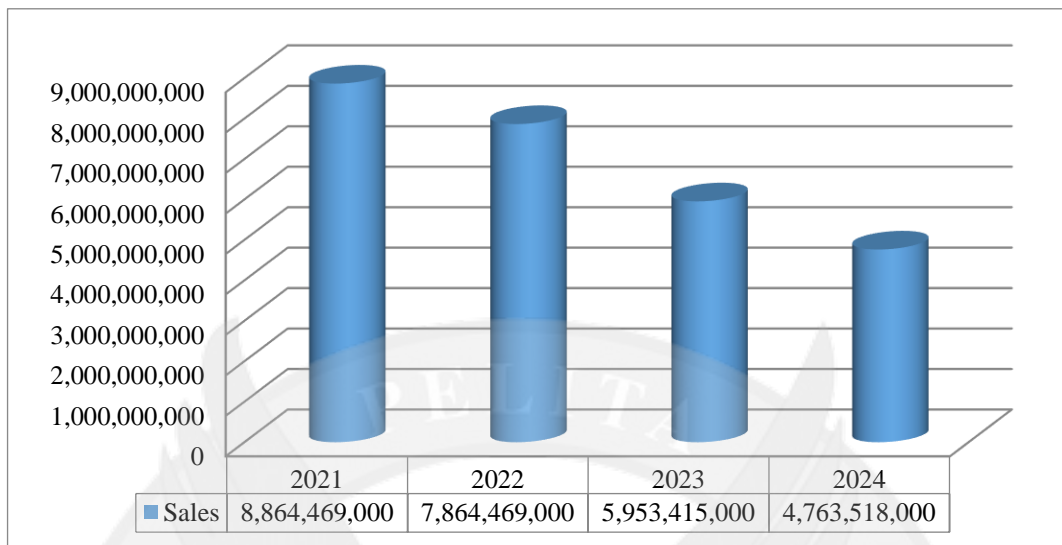
Sources: Google (Warung Mak Beng,2025)

Warung Mak Beng offers a signature menu of fish head soup and fried fish. The fish used depends on availability such as tuna, snapper, mackerel, or fish. The fish is caught by local fishermen in the Sanur area and other parts of Bali. The deliciousness of the fried fish here lies in its crunchy texture on the

outside. But the inside of the fish remains soft and not hard at all. The texture is firm with no rancid aroma. Especially when combined with Mak Beng's signature chili paste that makes customer crave for more. Last but not least, the fish soup that completes the meal at Warung Mak Beng. The soup is cooked with traditional Balinese spices that make the taste not fishy at all. The soup is mixed with starfruit and cucumber. For the price of the Mak Beng menu, one portion of the dish is sold at IDR 55,000/package, excluding drinks.

Customer loyalty is when a customer consistently chooses a company's products or services. It's a positive relationship between a customer and a brand. Customer loyalty plays a key role in a business's growth and profitability. It can help reduce marketing costs, increase profits, and improve customer service. Investing in customer loyalty minimizes the risk of losing customers and avoids the costs of recruiting new ones. Acquiring new customers can be challenging and expensive. Retaining loyal customers will strengthen customer retention while minimizing the financial burden of marketing, sales, and onboarding efforts aimed at attracting new customers (Taufik et al., 2022).

Customers Loyalty at Warung Mak Beng has decreased. Obviously, this decrease in customer loyalty has an impact on the decline in sales at Warung Mak Beng.



**Figure 1.2 Warung Mak Beng's Sales Indicator**

Sources: Google (Warung Mak Beng,2025)

Figure 1.2. shows that total sales have decreased every year. Some of the triggers are due to poor hygiene, a queue system that is not neatly organized, causing many customers to queue for a long time, a narrow place. These various problems trigger a decrease in customer loyalty at Warung Mak Beng.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing terms are a set of words or phrases you can use to describe processes or activities within product or service marketing. These marketing activities generally facilitate or describe the creation, advertisement, or provision of a business's offerings (Zuladi, 2021). Loyalty marketing is a strategy that businesses use to acquire and keep loyal customers through incentives such as rewards and discounts. Marketers use loyalty marketing strategies, such as social media campaigns and referral

programs, to build customer trust and keep shoppers interested and loyal (Patimah & Nurfauzan, 2022).

Marketing of Warung Mak Beng is still minimally done. This is because Warung Mak Beng has been famous and become one of the culinary destinations in Bali so that Warung Mak Beng does little best marketing. So far, Warung Mak Beng only provides promotions in the form of discounts and free drink packages for residents. Warung Mak Beng only offers one set menu, consisting of rice, fried seafood, and fish head soup. This may not suit everyone's tastes, especially customers who have specific food preferences. This has resulted in Warung Mak Beng not designing a marketing programme that can encourage customer loyalty. Furthermore, Warung Mak Beng is already well-known, so it does not focus too much on marketing strategies.

Atmosphere is the overall ambiance of a retail space, which can influence how customers feel and behave. It can include the store's exterior, interior, layout, displays, lighting, sound, and more. Store atmosphere, or atmospherics, is the physical characteristics of a store that create an image and influence customer behavior. It's important because it can attract customers, increase customer satisfaction, and help businesses develop their brand (Marso & Idris, 2022). Atmosphere can positively affect customer loyalty. This is because store atmosphere can influence customer satisfaction, which in turn can lead to loyalty (Takwim et al., 2022).

The atmosphere at Warung Mak Beng is still traditional, from the exterior to the interior. It certainly feels legendary. However, many customers have



complained about the uncomfortable atmosphere at Warung Mak Beng. This can be seen from some of the documentation of Warung Mak Beng.



**Figure 1.3 Atmosphere at Warung Mak Beng**

Sources: Warung Mak Beng (2025)

From the figure above, it can be seen that the room is open so that it does not make consumers comfortable when consumers because the air temperature is hot and noisy and narrow. Warung Mak Beng triggers a long queue so that sometimes customers need to wait 1-2 hours to be able to consume food at Warung Mak Beng. The decoration at Warung Mak Beng is dominated by various

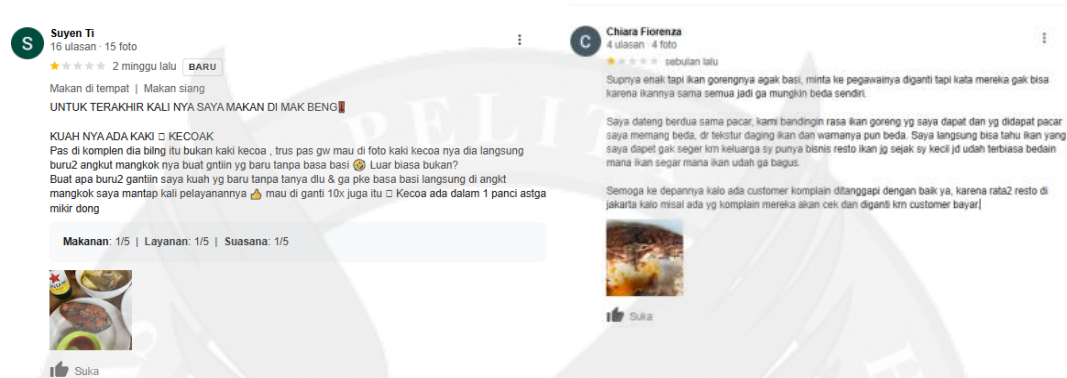
photos passed down through the generations. According to many customers, it looks ugly and not unique because there are too many of them on display. The use of lights is not bright, so it seems old school. The room also smells fishy from the fish, and the cleanliness is not well maintained. Various complaints related to the atmosphere at Warung Mak Beng have made many customers disloyal which is characterized by not wanting to visit again. Warung Mak Beng is famous for its crowded and lively atmosphere, especially during lunch time. This can cause some shortcomings in terms of atmosphere, such as when Warung Mak Beng is full of visitors, making it uncomfortable and noisy to enjoy meal. Another phenomenon caused by the popularity of Warung Mak Beng is that parking around the restaurant can be a problem due to limited space.

Brand image is a consumer's perception of a company, its products, and services. It's based on their experiences with the company, their understanding of its mission and values, and other factors. The positive image of the brands improves the satisfaction of the customer. When a customer is aware of the brand and uses that brand if a customer is loyalty with the brand, it builds the image of the brand. A positive brand image improves customer loyalty. Brand image has a significant effect on customer loyalty, which can lead to increased sales. This is because a positive brand image can increase customer satisfaction, which can lead to repeat purchases and recommendations to others (Permadhi et al., 2024).

The declining brand image of Warung Mak Beng is due to the absence of innovation. Many customers complain about the cleanliness and unpleasant smell



that triggers many insects. This is certainly unhygienic which can cause customers to experience diarrhea. There are negative complaints from the use of oil that is not replaced, so many customers are afraid to consume the menu at Warung Mak Beng.



**Figure 1.4 Negative complaints from customers of Warung Mak Beng**  
Sources: Warung Mak Beng (2025)

Negative complaints related to low levels of cleanliness and the use of fish that was sometimes not fresh at Warung Mak Beng resulted in a negative image. As a result, customer loyalty to Warung Mak Beng declined.

Based on the focus of the problem, the writers wish to examine more deeply this research paper is entitled: **“The Influence of Marketing, Atmosphere and Brand Image towards Customers Loyalty at Warung Mak Beng.”**

## 1.2 Problem Limitation

In order to maintain the limitation of time and budget, the writer decides that this study is limited to only several variables such as Marketing (X1), Atmosphere (X2), and Brand Image (X3) as independent variables and Customers

Loyalty (Y) as the dependent variable. Moreover, the writer would also limit the object of research to Warung Mak Ben is located in Jalan Hang Tuah No.45, Sanur Kaja, Denpasar Selatan, Jl. Hang Tuah No.51, Sanur Kaja, Kota Denpasar, Bali

### **1.3 Problem Formulation**

According to the background of study above, the writer can conducted some research question can be seen below:

1. Does Marketing have partial influence towards Customers Loyalty at Warung Mak Beng?
2. Does Atmosphere have partial influence towards Customers Loyalty at Warung Mak Beng??
3. Does Brand Image has partial influence towards Customers Loyalty at Warung Mak Beng??
4. Do Marketing, Atmosphere and Brand Image have simultaneous influence towards Customers Loyalty at Warung Mak Beng?

### **1.4 Objective of the Research**

Based on the research problem formulation, the objectives of this research can be conducted as follows:

1. To analyze the Marketing has partial influence towards Customers Loyalty at Warung Mak Beng.

2. To analyze the Atmosphere has partial influence towards Customers Loyalty at Warung Mak Beng.
3. To analyze the Brand Image has partial influence towards Customers Loyalty at Warung Mak Beng.
4. To analyze the Marketing, Atmosphere and Brand Image have simultaneous influence towards Customers Loyalty at Warung Mak Beng.

## **1.5 Benefit of the Research**

### **1.5.1 Theoretical Benefit**

The benefit of overall study in this research is needed to provide a better understanding of how marketing, atmosphere, and brand image influence towards customers loyalty. This research are expected to give a refresh to the existing theories especially to those study variable thatt relevant to marketing, atmosphere and brand image and customers loyalty.

### **1.5.2 Practical Benefit**

The following are the practical benefit provide in this research:

1. The writer

This study is expected to expand the writer's knowledge base and new experience about the importance information about marketing, atmosphere, and brand image influence towards customers loyalty.

2. For Warung Mak Beng

This research is expected to be able to contribute to help Warung Mak Beng to increase their customers loyalty, as well as provide positive things to

distributions that will increase the comfortness among customers also for Warung Mak Beng.

3. For other researchers.

This research is supposed to bring new theories references and information about marketing, atmosphere and brand image influence towards customers loyalty.

