

CHAPTER I

INTRODUCTION

A. Research Background

The increasingly competitive restaurant industry makes players face increasing challenges in meeting consumer needs, wants and demands (Souki et al., 2020). This is because customers are becoming more informed, aware, demanding and sophisticated in looking for restaurants that provide healthy, fresh, natural and delicious food (Tariq et al., 2019). In addition, consumers want the experience of buying and consuming food to be easy, comfortable, enjoyable, and safe (S. Wang & Alexander, 2018). Thus, people can visit restaurants for various reasons other than looking for food, such as seeking new experiences, relieving boredom, having fun, for comfort and convenience, to save time, to socialize with other people, to be close to family and friends, etc. (Avcikurt et al., 2016).

In Indonesia, the restaurant industry has proven to be a promising business. Judging from the data from the National Statistics Agency (BPS) for Restaurant and Restaurant Business Statistics from 2013 to 2015, overall average income from medium and large-scale restaurants and restaurants has increased. During 2013 the average income reached 4.02 billion, in 2014 it rose to 4.33 billion, and in 2015 it rose again to reach 4.66 billion per company. Of all income, most of it is derived from its main activity, namely the sale of food and beverages. In order to compete effectively, companies need to focus on providing what customers want to keep them satisfied

(Severt et al., 2020). Various types of food are also offered by entrepreneurs so that they have their own characteristics or values to meet customer desires. According to data from the BPS for 2013-2015 on Restaurant and Restaurant Business Statistics, the menus that compete in Indonesia are Indonesian cuisines to international cuisines, such as Chinese Cuisine, American & European Cuisine, Japanese Cuisine, Korean Cuisine, and others (Thailand, Middle East, etc.).

Table 1.1 Percentage of Number of Restaurants in Indonesia by Main Cuisine Type in 2013-2015

Main Cuisine Type								
Indonesian			American & European			Chinese		
2013	2014	2015	2013	2014	2015	2013	2014	2015
49,8	57,18	54,55	27,06	22,9	22,43	8,99	7,11	10,69

Main Cuisine Type								
Japanese			Korean			Others		
2013	2014	2015	2013	2014	2015	2013	2014	2015
7,14	6,78	5,64	1,23	0,98	1,35	5,77	5,06	5,34

It can be seen based on table 1.1, the percentage of the number of restaurants according to the main types of cuisine in Indonesia from 2013-2015 has changed. For Indonesian cuisine in 2013 it reached 49.8%, then increased in 2014 to 57.18%, then fell again to 54.55%. American & European cuisine has decreased every year, in 2013 it reached a percentage of 27.06%, but the following year it fell to 22.9% and in 2015 it fell again to 22.43%. Chinese cuisine in 2013 reached 8.99% percentage, then fell in 2014 to 7.11% and rose again in the following year to 10.69%. The

percentage for Japanese cuisine has decreased every year, in 2013 it reached 7.14%, the following year it fell to 6.78% and in 2015 it only reached 5.64%. For Korean cuisine in 2013 it reached 1.23%, fell the following year to 0.98% but rose again in 2015 to 1.35%. Meanwhile, for other dishes, in 2013 the percentage reached 5.77%, in 2014 it became 5.06% and increased in the following year to 5.34%.

Table 1.1 above also proves that ethnic cuisine is fairly popular and familiar among Indonesian people. Seeking authentic cultural experiences is one of the main motivations for customers visiting ethnic restaurants (S. Q. Liu & Mattila, 2015). A study explains that Japanese cuisine has become an integral part of Asian and global food (Bestor, 2011). In Indonesia, Japanese food has become one of the public's outdoor culinary destinations (Pinilih & Shaferi, 2015). Although based on the BPS data above, the percentage of the number of Japanese restaurants in Indonesia is decreasing every year, but it is still a fairly large percentage when compared to Korean and other foods (Thai, Middle East, etc.).

The biggest possibility that the decline in the percentage of Japanese-style restaurants in Indonesia may be due to not being able to compete in a fairly competitive market. A study says that in recent decades, companies have been operating in a new and complex competitive environment where more and more customers demand value creation (Sánchez-Fernández et al., 2009). This has generated a growing interest in creating and delivering value to customers (Smith & Colgate, 2007). So the

main business goal has also developed with more emphasis on providing customer perceived value rather than generating profits (H. Liu et al., 2018). Therefore, the most important point is how the company will compete in providing value to customers (Thielemann et al., 2018).

Perceived value is an ambiguous and complex construct, which includes notions such as price, quality, and perceived benefits and sacrifices (Holbrook, 1994). Customers are not homogeneous, and therefore, different customer segments perceive varying value in the same service (Ulaga & Chacour, 2001). Therefore, the main objective of this study is to investigate and re-examine the factors that influence customer perceived value, especially in Japanese ethnic restaurants. In this study, we use several variables that seem to have a major impact on customer perceived value based on previous journal reviews to identify the required variables. The variables that are often used on previous research to examine customer perceived value at restaurant are food quality, employee service quality, dining atmospherics quality, price fairness, and restaurant authenticity. Then in the case of ethnic restaurants, the restaurant authenticity variable is also often used in previous studies.

To facilitate the research, the researcher chose an ethnic Japanese restaurant which is quite popular in Indonesia, namely the Japanese Restaurant Marugame Udon. Marugame Udon first opened in Indonesia on February 14, 2013 at Mall Taman Angrek. All recipes used are original recipes from Marugame Japan, cooked using quality and natural

ingredients, processed in each outlet with special techniques from Japan and controlled with strict quality assurance standards at each outlet. Marugame Udon already has branches in various major cities in Indonesia and currently has more than 1100 branches around the world, such as in Los Angeles, Hawaii, Moscow, Sydney, Seoul, Hong Kong, and other major cities in the world (www.marugameudon.co.id).

B. Research Problem

Based on the research background that has been described, the formulation of the problem in this study are:

1. Does food quality have impact to customer perceived value?
2. Does employee service quality have impact to customer perceived value?
3. Does physical environment quality have impact to customer perceived value?
4. Does price fairness have impact to customer perceived value?
5. Does Restaurant authenticity have impact to customer perceived value?

C. Research Objectives

Based on the research background and the research problem that has been described, the formulation of research objectives in this study are:

1. To determine the effect of food quality on customer perceived value.

2. To determine the effect of employee service quality on customer perceived value.
3. To determine the effect of physical environment quality on customer perceived value.
4. To determine the effect of price fairness on customer perceived value.
5. To determine the effect of restaurant authenticity on customer perceived value.

D. Research Benefits

The research conducted is expected to provide several benefits:

1. Theoretical Benefits

The theoretical benefit of this research is to contribute to further research that discusses the factors that affect the customers perceived value in Japanese restaurants.

2. Practical Benefits

This research is expected to provide input to Japanese restaurants in Indonesia to consider the factors of Food Quality, Service Quality, Physical Environment Quality, Price fairness, Restaurant authenticity from restaurants as factors that can affect the customer's perceived value. So that Japanese restaurant businesses in Indonesia can compete and have better quality compared to other restaurant businesses.