# CHAPTER I

## INTRODUCTION

### A. Research Background

The development of the culinary industry is increasing rapidly and significantly influences the national economy, starting from the food and beverage industry or restaurants and cafes. There is a growth in the restaurant and food service industry of 3.68%. This figure in 2021 is only 2.95% (Kemenperin, 2023). The lifestyle of people who visit restaurants is not only based on the desire to eat but also enjoys the atmosphere of the place. Taking pictures and uploading them to social media has become a guideline for the restaurant business today. A restaurant is a place of business that provides ready-to-eat food to consumers through attractive services and an environment for consumers (Keller & Kotler, 2022).

Data from the field of tourism affairs noted that by 2023, there were 1,535 restaurants in the Special Region of Yogyakarta (Bappeda DIY, 2023). With so many restaurants in Yogyakarta, managers must creatively present interesting food service ideas and various dishes to attract consumers' attention. The success of an organization ultimately depends on the development of differentiated products and services and the practical value they provide to consumer (Namin, 2017) s. To survive and thrive, maintaining high service standards is inevitable (Malik et al., 2020). Every consumer has expectations and standards based on their preferences. Then, the consumer's expectations can encourage him to be interested in buying and give impressions and messages to be conveyed to others. These expectations must be set because dissatisfied customers might switch to competitors (Ahmed et al., 2023). The lifestyle of people who choose restaurants not only eat but also enjoy the atmosphere there, take pictures, and post on

social media makes physical services very influential. One marketing strategy that business entities can implement is the servicescape, which includes environmental cleaning, proper lighting, friendly staff, aesthetic elements, and attractive interior facilities (Meng & Choi, 2017). The physical conditions of the service environment experienced by customers also play an essential role in shaping service experience and increasing (or decreasing) customer satisfaction, especially in services, because there is a high level of human contact and involvement in the process. Servicescape not only represents the quality of service to be achieved but also influences the calculation of dimensions because it directly and indirectly affects service quality results (Rauki, 2011). The application of Servicescape in the food business world is critical because, with Servicescape, consumers will find satisfaction and comfort in their food.

The eating environment is a crucial factor influencing consumption. The eating environment is categorized into two dimensions, namely substantive (tangible) performances and communicative (intangible) performances (Wakefield & Blodgett, 2016). Tangibility is determined by interior and exterior decorations (e.g., furnishings and lighting), music, and cleanliness of service staff. In contrast, intangibility is represented by service quality and interactions between service staff and consumers (Meng & Choi, 2017). Substantive staging involves arranging the various elements of a scenario so that they have significant importance or impact and affect the customer's experiential value. Communicative staging uses verbal and nonverbal cues, such as body language, tone of voice, and visual aids, to communicate information effectively to an audience. Many studies on the interaction of substantive orientation and communication orientation still need to be improved, so this interaction can be an essential premise that influences the value of consumer experience.

However, of the many restaurants that have been established, only a few can carry the theme of authenticity to give a different impression to customers. The primary motivation for consumers to dine at authentic restaurants is to experience new tastes and other cultures (Chatzopoulou et al., 2019). Authenticity is the originality of something, which in this study is the restaurant's originality. This variable influences the weak and robust relationship between servicescape sustainability and customer experiential value. Authenticity is an essential feature of the local restaurant and food service industry (Song et al., 2019). The perceived authenticity in restaurant layouts and menus not only influences consumers' dining experiences but also influences their emotions and the value of their experiences (J.-H. Kim et al., 2017).

The service context, including the physical environment in which the service is delivered, contributes to the value of the customer experience. Restaurants can identify customer needs and preferences and improve added value by examining the experiential value that reflects the value perceived through the interaction between the customer and the product (Vera & Trujillo, 2013). In this study, the experiential value from the customer is due to the restaurant's substantive and communicative staging. Experience value is divided into four attributes as follows: (1) Aesthetics refers to whether the perceived service is appropriate and consistent with personal preferences; (2) Playfulness includes the feeling of pleasure and happiness that customers experience during service; (3) Customer return on investment indicates the benefits and rewards derived from the experience; (4) Service excellence is the result of the customer comparing the perceived service to the expected service standard, and the perceived service level exceeds the customer's expectations (Chen & Lin, 2019).

Emotional response is a conscious mental state produced by a particular object or event (Chao et al., 2021). Consumers with positive emotions make decisions faster than

those with negative emotions (Ali et al., 2016). Emotions are caused by the experience value gained by customers through substantive staging and communicative staging stimuli, causing a response in the form of a review to be shared with friends, family, or someone closest. Emotions are a natural part of the human experience and contribute to how we respond to the world around us. The experience value gained from a family restaurant can influence consumer sentiment (Kim & Stepchenkova, 2018).

WOM is an essential factor affecting the service industry. Before purchasing a product or service, consumers can search for information on social media or ask family and friends about their experience. They use this information to decide whether or not they should go to the restaurant, for example, showing the critical role WOM plays in promoting WOM and has a more significant, more effective impact than advertising (Chao et al., 2021). The WOM in this study is due to the value experienced by the consumer and the emotions that arise in the consumer after experiencing the physical service at the restaurant. The ability of word of mouth to influence perception or action depends on the nature of the sender and receiver relationship (Sweeney et al., 2008).

Related to the above description, the author identifies the research object as Mang Engking Restaurant, commonly known as Gubug Makan Mang Engking. Gubug Makan Mang Engking is an architectural-themed restaurant with a rural atmosphere and a cozy dining place with a typical Parahyangan menu. Its motto is "Dari Desa Untuk Indonesia" (Mang Engking Group, 2022). This restaurant was chosen because it met some criteria due to research, namely authenticity. Traditional building designs in the form of Sundanese huts or bamboo/wooden huts are deliberately chosen to present a combination of natural and rural tones (Mang Engking Group, 2022). In terms of service, Mang Engking restaurant has also established suitable services. We have equipped every Gubug Makan Mang Engking staff with the skills and expertise to provide service to every

visitor, and our staff always prioritizes friendliness and punctuality (Mang Engking Group, 2022).

This study investigates the influence of a restaurant's initial service context on consumers' experiential value and, consequently, their WOM emotions and intentions concerning the journal (Chao et al., 2021). This study considers authentic restaurants in Yogyakarta as the object of research and focuses on authenticity as a moderator and the impact of interactions between different service contexts. Relevant research has been conducted in the context of food service. Therefore, this study hopes to fill a gap in service space research and develop further theory using the SOR framework. In particular, it examines the interaction effect between different service contexts and the degree of variation in the relationship between service contexts and consumer experience value in the context of perceived authenticity.

## B. Research Questions

Based on the description of the background of the problems identified, the formulation of the situation in this study is as follows:

1. Does the substantive staging affect the experiential value?

2. Does communicative staging have an impact on experiential value?

3. Does the experiential value have an impact on visitor emotions?

4. Does experiential value have an impact on word-of-mouth?

5. Does visitor emotion influence word-of-mouth?

6. Does authenticity have a moderating effect on substantive staging and experiential value?

7. Does authenticity have a moderating effect on communicative staging and experiential value?

## C. Research Objectives

Based on the research objectives, the benefits expected in this study are as follows:

1. To determine the effect of substantive staging on experiential value

2. To find out the impact of Experiential value on visitor emotion

3. To investigate the impact of experiential value on word-od-mouth

4. To measure the effect of visitor emotion on word-of-mouth

5. To analyze the effect of communicative staging on experiential value

6. To analyze the impact of authenticity as moderation on substantive staging and experiential value

7. To find out the impact of authenticity as moderation on communicative staging and experiential value

## D. Research Benefits

Based on the research objectives, the benefits expected in this study are as follows:

1. Theoretical Benefits

   Provide empirical evidence regarding the effect of servicescape on customer satisfaction and repurchase intention.

2. Practical Benefits

   a. For Academics

      The results of this study can help determine policy so that the objectives that have been set can be achieved.

   b. For Authors

      To increase knowledge and practice the theories obtained during lectures with the situation and conditions of the companies studied.

c. For Readers

As a source of knowledge between information used as a comparison in conducting similar research.

d. For Researchers

The results of this study are expected to add to the knowledge of the readers as well as one of the reference materials or materials for consideration in further research. They can contribute to the development of theories regarding servicescape.