ANALYSIS OF THE IMPACT OF RESTAURANT PERCEPTION THROUGH CUSTOMER PERCEIVED VALUE ON CUSTOMER SATISFACTION AND REPURCHASE INTENTION: A CASE STUDY OF O’REILLLYS RESTAURANT IN MANADO, INDONESIA

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ABSTRACT

This Research was made to see the impact of factors affecting the rate of Repurchase Intention, and Customer Satisfaction influenced through Customer Perceived Value, Quality of Food, Quality of Service and Quality of Physical Environment. The use of these variables is a modified replication of the previous study of Yrjola et al (2019), which found that satisfaction with the restaurant experience can be driven by emotions, as social food is often to honor Celebrations, special events, or achievements. The Population of this research is O’reillys restaurant consumers with a number of samples of 160 people. Using the Structural Equation Modelling (SEM) method that is run with AMOS software, used to analyze the data, the analysis results show that Physical Environment positive significantly affect Customer Perceived Value, Customer Perceived Value positive significantly affect Customer Satisfaction and Customer Satisfaction Positive Significantly affect Repurchase Intention. Many studies support the result of this research, but some are contrary. However, the research was limited to the restaurant O’reillys and indicated that to improve Customer Satisfaction and Repurchase Intention, O’reillys Restaurant needs to improve the Quality of Physical Environment.

Keywords: Structural Equation Model, AMOS, Perceprion of Restaurant, Customer Perceived Value, Customer Satisfaction, Repurchase Intention

1. INTRODUCTION

In this age, the people of Indonesia, especially those living in areas such as the city of Manado, experienced a lifestyle change. Eating and drinking is not only to fulfill the basic need, also has
become one of the activities to socialize with the calculation of prestige. It is accompanied by economic growth in the higher city of Manado. According to the Central Statistical Agency report (2016), there was a 7.19 percent economic growth of Manado and became the first rank in the province of North Sulawesi even higher than the North Sulawesi province which grew by 6.17 percent. One that affects the high economic growth in the city of Manado is the business of food and beverage services such as restaurants and eateries that are increasingly mushed in the city of Manado.

According to Rachmawati (2011) says that spending time outside of home with family, spouse, friends or colleagues does not miss just a chat, but while enjoying food and drinks, this makes them to always look for Something that is practical and instant in fulfilling their body needs. One of them is looking for food and beverages outside the home, this makes a lot of food and beverage business that started from small-scale food business such as restaurant and Café Tent, medium-scale food business such as: Depot, Restaurant and Café, up to large-scale food business such as starred restaurants.

The restaurant, according to Marsum (2005), is a commercially organized place or building, which organizes good service to all its guests both eating and drinking. Meanwhile, according to Sulartiningrum (2003) restaurant is a place identical with the array of tables neatly arranged, with the presence of people, the emergence of the scent of the kitchen and the waiter's service, the sound of small noise because The touch of glass cups, porcelain, causing the atmosphere of life in it.

O’Reillys Restaurant is one of the restaurants that puts the optimal value of service for its customers. Because of this, the quality of service is one of the things that is being staged at O’Reillys restaurant. Various operational standards have been established by the management to be applied to all layers of labor for the smoothness and quality of service optimal to be given to the customers. However, not all labor implements these standards and rules, there are still a lot of labor that violates both deliberately, such as ignoring and lazy nature, as well as inadvertently, due to lack of knowledge of the rules or Carelessness. In fact, Labor is one of the major valuation milestones of the quality of service provided by a restaurant, no exception O’Reillys restaurant. Through the review provided by consumers, obtained irregularities – irregularities made by waiter that do not conform to restaurant standards, such as customers who are not tagged waiter when they want to choose food, lack of awareness to Not in front of customers, have no initiative to recommend food or beverage products to customers, and various other issues. The problems in the service to these customers are important to be lifted because they will have an impact on the customer's assessment of O'Reillys Restaurant restaurant as a whole. Therefore, it is necessary to repair the quality of service provided by the O’Reillys restaurant against the customers, so that
customers will be satisfied and will eventually do repeat buying and also provide recommendation to the customer relatives to make a purchase at O'Reillys restaurant.

This Research attempted to study the impact of Restaurant Perception (Quality of Food, Quality of Service, and Quality of Physical Environment) through Customer Perceived Value as intervening variable on Customer Satisfaction and Repurchase Intention in O’reillys Restaurant Manado, Indonesia.

2. LITERATURE REVIEW

2.1 Quality of Food

According to Kotler & Armstrong (2012) product as Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Therefore, the product is easy to see and compared to consumers. So, the look of the product is made interesting to make consumers interested in the product. After interested consumers want to make a purchase. When consuming the product, consumers will feel that the product is in accordance with the expectation or not. Then the product quality is noticed by the company. This will lead to customer satisfaction. The quality of a food product is very important for any company founder of food vendors, as according to Potter and Hotchkiss (1995) The quality of food is the quality characteristic of food that is acceptable for consumers. This is included in external factors such as size, shape, color, consistency, texture, and flavor. Meanwhile, West, Wood and Harger (1965) also stated that the standard Quality of food, although difficult to define and cannot be measured, but can be evaluated through its nutritional value, the level of material that is taste, and appearance of the product.

H1: Quality of Food has a significant impact on Customer Perceived Value

2.2 Quality of Service

According to Kotler (2002) The definition of service is any action or activity that a party may offer to another party, which is essentially intangible and does not result in any ownership. The production can be attributed or not attributed to a single physical product. Service is the behavior of producers in order to fulfill the needs and desires of consumers in order to achieve satisfaction on the consumer itself. Kotler (2002) also says that such behavior can occur at the time, before and after the occurrence of the transaction. In general, high-grade service will result in high satisfaction and more frequent repurchase. The definition of service quality is a model that illustrates the customer's condition in shaping the expectations of service from past experiences, word-of-mouth promotion, and advertising by comparing the services they expect with what they receive or feel (Kotler, 2002). According to Tjiptono (2012) The quality of service is something
perceived by the customer. Quality of service is a result of subjective evaluation of consumer-based comparisons between expectations and performance of service providers or services perceived (Parasuraman et al., 1988). Service quality at the restaurant can be assessed. In terms of its reliability and consistency of service, willingness to help, hospitality, and staff knowledge (Liu and Jang, 2009; Namkung and Jang, 2008; and Ryu and Han, 2010).

H2: Quality of Service has a significant impact on Customer Perceived Value

2.3 Quality of Physical Environment

Physical environment is one of the elements of service. Nowadays the physical environment is no longer a complementary product but also serves as a value-added giver for the product. According to Lovelock, Wirtz, Keh and Lu (2005) states Physical evidence is all visible cues that provide tangible evidence of a firmware's quality and it can have a profound impact on customer's impressions. According to Zeithaml, Bitner and Gramler (2006) Physical evidence is the environment in which the service is delivered and where the firm and customer interact and any tangible components that facilitate performance of communication of the service. It can be interpreted that, the physical environment is an environment where services are provided and as a place to interact with companies with consumers and real components that facilitate the intent of the services produced.

H3: Quality of Physical Environment has a significant impact on Customer Perceived Value

2.4 Customer Perceived Value

According to Lai (2004) Perceived value is the overall consumer assessment of the benefits of the product based on what they receive and what they provide. The value indicates the trade-off between the components provided and the consumer acquired, perceived value is the difference in the total value of consumers and total cost of consumers (Lin, 2003). According to Kotler (2008) stated Customer perceived value is the difference between the perspective customer's evaluation of all benefits and all the costs of an offering and the perceived alternatives. The definition of customer perceived value according to Zeithaml (1988) is Perceived value is the Consumer's overall assessment of the utility of a product based on perception of what is received and what is given. The customer's Perceived value is the overall customer's assessment of the usefulness of a product for what it receives and what the product does.

H4: Customer Perceived Value has a significant impact on Customer Satisfaction

2.5 Repurchase Intention
A repurchase intention is a behavior that arises in response to an object indicating the customer's desire to re-purchase. The re-purchase interest is the tendency stage for consumers to act before the buying decision is actually implemented (Kotler and Keller, 2009). According to Hellier et al (2003), re-purchase intent is defined as an individual's assessment of buying again a designated service in the same company, taking into account the current situation and possible circumstances. Meanwhile, according to Anoraga (2000), repurchase intention is a decision-making process made by consumers after having purchased the products offered or required by the consumer. According to Suntara (2008) The interest in buying is a psychic activity that arises due to the feeling of (affective) and the Mind (cognitive) of a desired goods or services.

H5: Customer Perceived Value has a significant impact on Repurchase Intention

2.6 Customer Satisfaction

According to Kotler and Keller (2009), Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to their expectations. In other words, satisfaction is defined as the feeling of a satisfied or disappointed customer resulting from comparing the perceived performance of the product (or outcome) to the customer's expectation. If performance is under expectation, the consumer is not satisfied. If performance more than expectation, then the consumer will be very happy or satisfied. Kotler and Keller (2009) also say that highly satisfied consumers will usually remain faithful for a long period of time, as well as buy again when the company introduces new products and renews the old product, in addition it will discuss things both about the company and its products to others, they do not pay much attention to the brand of competitors and not very concerned about the price, they also offer product and service ideas to the company, and the cost of service is cheaper than consumers Transaction becomes a routine thing.

H6: Customer Satisfaction has a significant impact on Repurchase Intention

2.7 Research Framework

The research framework of this research as depicted in Figure 1.
3. RESEARCH METHODOLOGY

This research was conducted in Manado, Indonesia, with the O’reillys Restaurant as the object and its consumers as the population. Data was collected by distributing questionnaires to 160 respondents with the characteristics of male and female respondents aged 18-50 years, live in Manado, have visited and bought products from O’reillys Restaurant at least twice in the last 6 months. The method used in this study can process the simultaneous analysis associated with the multi-variable research model which is Structural Equation Model (SEM) using AMOS 20.0 software. Snowball sampling technique was used to choose respondents who could fill out and help distributing the questionnaires. The first part of questionnaire consists of questions used to obtain general information about respondents to ensure the suitability of respondents with sample characteristics. And the second part of questionnaire consists of questions used to obtain research data regarding the impact of Quality of Food, Quality of Service, and Quality of Physical Environment towards Customer Satisfaction and Repurchase Intention with Customer Perceived Value as intervening variable. Likert scale from scale 1-5 was used to formulate the questionnaire, where the answer choices are provided at intervals from 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

4. RESULT AND DISCUSSION

4.1 Profile of Respondent
There are 220 questionnaires were distributed, but only 160 were returned and could be processed. The result shows that the respondents consist of 89 or 55% of men and 71 or 45% of women. The majority of respondents who visit at O’reillys Restaurant were men. The respondents were also classified by age, and those who filled out the questionnaires comprised of 104 or 79.8% aged 18-30 years, and 56 or 20.2% aged 30-50. All of the respondents live in Manado, has visit and bought products from O’reillys Restaurant at least twice in the last 6 months.

4.2 Reliability Test

According to Ferdinand (2002), the composite reliability value should exceed 0.7 to be accepted. Therefore, all of variables used in this research are reliable.

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Indikator</th>
<th>Faktor Loading (FL)</th>
<th>FL2</th>
<th>Error</th>
<th>Construct Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Of Food</td>
<td>X1</td>
<td>0.636</td>
<td>0.404</td>
<td>0.596</td>
<td>0.731272</td>
</tr>
<tr>
<td></td>
<td>X2</td>
<td>0.518</td>
<td>0.268</td>
<td>0.732</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X3</td>
<td>0.485</td>
<td>0.235</td>
<td>0.765</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X4</td>
<td>0.42</td>
<td>0.176</td>
<td>0.824</td>
<td></td>
</tr>
<tr>
<td>Quality Of Service</td>
<td>X5</td>
<td>0.484</td>
<td>0.234</td>
<td>0.766</td>
<td>0.746655</td>
</tr>
<tr>
<td></td>
<td>X6</td>
<td>0.43</td>
<td>0.185</td>
<td>0.815</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X7</td>
<td>0.607</td>
<td>0.368</td>
<td>0.632</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X8</td>
<td>0.669</td>
<td>0.448</td>
<td>0.552</td>
<td></td>
</tr>
<tr>
<td>Quality Of Physical Environment</td>
<td>X9</td>
<td>0.582</td>
<td>0.339</td>
<td>0.661</td>
<td>0.793722</td>
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<tr>
<td></td>
<td>X10</td>
<td>0.665</td>
<td>0.442</td>
<td>0.558</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X11</td>
<td>0.687</td>
<td>0.472</td>
<td>0.528</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X12</td>
<td>0.719</td>
<td>0.517</td>
<td>0.483</td>
<td></td>
</tr>
<tr>
<td>Customer Perceived Value</td>
<td>X13</td>
<td>0.615</td>
<td>0.378</td>
<td>0.622</td>
<td>0.755312</td>
</tr>
<tr>
<td></td>
<td>X14</td>
<td>0.63</td>
<td>0.397</td>
<td>0.603</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X15</td>
<td>0.521</td>
<td>0.271</td>
<td>0.729</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Y1</td>
<td>0.525</td>
<td>0.276</td>
<td>0.724</td>
<td>0.712429</td>
</tr>
<tr>
<td></td>
<td>Y2</td>
<td>0.534</td>
<td>0.285</td>
<td>0.715</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y3</td>
<td>0.561</td>
<td>0.315</td>
<td>0.685</td>
<td></td>
</tr>
<tr>
<td>Repurchase Intention</td>
<td>Y4</td>
<td>0.619</td>
<td>0.383</td>
<td>0.617</td>
<td>0.778947</td>
</tr>
<tr>
<td></td>
<td>Y5</td>
<td>0.598</td>
<td>0.358</td>
<td>0.642</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y6</td>
<td>0.599</td>
<td>0.359</td>
<td>0.641</td>
<td></td>
</tr>
</tbody>
</table>
4.3 Structural Equation Model

The results of the measurement model on AMOS 20 shown below have RMSEA = 0.078, CMIN / DF = 1.808, and there are no indicators with standard loading <0.5. Therefore, this model is suitable to be a measurement model for this research.

![Full Structural Equation Model (SEM)](image)

**Figure 2: Full Structural Equation Model (SEM)**

4.4 Hypotheses Test

Hypotheses testing was done by looking at the C.R value for each coefficient. C.R value is significant if ≥2, which means the hypothesis can be accepted. If the value of C.R <2 then it is not significant, and the hypothesis is rejected.
Table 2: Evaluation of Structural Model Coefficients

<table>
<thead>
<tr>
<th>Customer Perceived Value</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Food</td>
<td>0.344</td>
<td>0.137</td>
<td>2.508</td>
<td>0.012</td>
<td>Significant</td>
</tr>
<tr>
<td>Quality of Service</td>
<td>0.086</td>
<td>0.104</td>
<td>0.823</td>
<td>0.411</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Quality of Physical Environment</td>
<td>0.554</td>
<td>0.132</td>
<td>4.207</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.801</td>
<td>0.184</td>
<td>4.352</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>Repurchase Intention</td>
<td>0.043</td>
<td>0.365</td>
<td>0.118</td>
<td>0.906</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Customer Perceived Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.995</td>
<td>0.438</td>
<td>2.271</td>
<td>0.023</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The result shows that there are 4 significant variables as shown on table, which means H1, H3, H4, and H6 were accepted. The Quality of Physical Environment variable has the highest C.R value, which is 4.207, which means this is the most important variable in this research. It is explained that in order to increase Customer Perceived Value of O'Reillys restaurant customers, then the main thing to improve is the attractive room design, pleasant background music, the staff at O'Reillys restaurant have to look neat and polite and the restaurant has clean furniture. Quality of food variable has the second highest C.R value which is 2.508. It is explained that in order to increase Customer Perceived Value of O'Reillys restaurant customers, then the focus is to serve good food, serving nutritious food, serving food that matches the tastes of consumers and serves fresh food. Quality of Service has the lowest C.R value which is 0.823 and doesn’t have significant impact on Customer Perceived Value. But if the restaurant wants to improve to be the best restaurant in town, they should improve everything include the Quality of Service.

5. CONCLUSION

The result of this study shows that Quality of Food and Quality of Physical Environment have a significant impact on Customer Perceived Value, Customer Perceived Value have a significant impact on Customer Satisfaction, and Customer Satisfaction have a significant impact on Repurchase Intention. Meanwhile, Quality of Service have no significant impact on Customer
Perceived Value and Customer Perceived Value have no significant impact on Repurchase Intention.

5.1 Managerial Implication

The managerial implication will be based on indicators used in the distributed questionnaires. The recommendations are explained starting from indicators that have the highest impact to the lowest impact for each variable.

<table>
<thead>
<tr>
<th>Current Research</th>
<th>Managerial Implication</th>
</tr>
</thead>
</table>
| Quality of Physical Environment is a variable that has the biggest impact to increase Customer Perceived Value | • O'Reillys restaurant needs to do regular maintenance so that every part of the room is maintained, otherwise it is necessary to also make a functional room for example for a room that is smoke-free, then a room that is family friendly or for fine dining.  
• O'Reillys restaurant needs to provide background music that is suitable with the ambience that customer want to enjoy, especially if O'Reillys restaurant is applying thematic concept, it will make it easier to find the song to be played, while for live Music needs to invite a good singers who have a high reputation with a cheap price rate and who can bring a lot of crowd, this will give good impact to the restaurant.  
• O'Reillys restaurant needs to pay attention to how each staff looks, it will be better for the staff to be given a varied uniform every day or every week, made by thematic according to the concept carried by the O'Reillys restaurant, For example, when Hallowen, the staffs dressed that match the theme Hallowen or during
National Independence Day, the staffs were dressed that matched the theme. This affects every customer feeling who comes in.

- O'Reillys Restaurant should keep the cleanliness of each furniture and adding an exclusive impression by selecting the furniture and design of a classy room without compromising the comfort of the customer so that the customer feels the high-end place.

| Quality of Food is a variable that has impact to increase Customer Perceived Value | O'reillys ' restaurant needs to provide training to get a certification for the cheff and hopefully can adding some insight and knowledge to create a great meal, for example O'Reillys restaurant has a typical Italian food taste, the cheff needs to learn in Italy and try Italian food.
- O'Reillys restaurant needs to make a healthy menu such as salad or sliced fresh fruit, and fruit drinks mixed with alcohol, such as cocktail but made from fresh fruit.
- O'Reillys Restaurant should conduct research and development on the tastes of consumers by means of trial and error, hoping to find food that matches the tastes of the majority of customers in O'Reillys restaurant. It is also necessary to be supported by recruiting Professional and certified mixologist or bartender to be able to serve the customer well.
- Another thing to note also is the use of preservatives, which need to be restricted and should even be avoided. |
to produce more fresh food and did not disturb customer health.

| Quality of Service in this does not has impact on Customer Perceived Value | O'Reillys restaurant needs to innovate using technology, which is to prepare a tablet for each staff when receiving orders, and the system of the tablet integrated with the LCD in the kitchen, so the cheff can directly prepare the order quickly. |
| | O'Reillys Restaurant should raise the awareness and sensitivity of the staffs by always doing a briefing before starting work, so that staff can prepare and always willing to serve customer. In addition, it is necessary to add the bell button from each table, so that whenever a customer needs a staff, the customer can press the bell button that has been provided. |
| | Adding some things to the Company's Operational Standards that prioritizes hospitality that makes the customer feel appreciated, such as greetings, slogans, and closing greetings after completing the transaction. |
| | O'Reillys Restaurant should conduct training to the staffs to improve their knowledge about the products in the restaurant, in addition to training the language style and way of delivery from the staff in order to inform the menus that correspond to the customer desire. |

Based on the result, the main recommendation that needs to be done for this research object is to make new innovations to improve Customer Satisfaction and Repurchase Intention, where the most influential is the variable Quality of Physical Environment. Thus, the O'Reillys restaurant
should conduct more training to the staff to increase their knowledge of the products in the restaurant, and also to practice the language styles and delivery from the staff in order to inform the menus that correspond to the customer's wishes. As well as adding some things to the Company's Operational Standards that prioritizes hospitality that makes the customer feel appreciated, such as greeting, slogan, and greeting after finishing transaction. In addition, O'Reillys restaurant should raise the awareness and sensitivity of the staff by always doing a briefing before starting work, so that staff can be prepare and always willing to serve customer. And conducting motivational seminars or go out together with the whole staff where the activities of all staff can evaluate each other and improve their performance.

5.2 Recommendations

Further researches can be done by considering these limitations as follows:

1. This research object is only limited to O’reillys Restaurant consumers in Manado. Further research can be carried out using broader research objects, to get other results regarding factors that impact Customer Satisfaction and Repurchase Intention.

2. The result of this study can’t be generalized for cases outside of this research object, which is O’reillys Restaurant.

3. Further research to complement the variables exist in this study needs to be done to further refine the understanding of the factors that has impact on Customer Satisfaction and Repurchase Intention.

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