

THE INFLUENCE OF SERVICESCAPE AND SERVICE QUALITY ON CUSTOMER SATISFACTION AND REPURCHASE INTENTION AT ONE EIGHTY CAFÉ IN BANDUNG

Armayoga Mukti Al Gifari¹⁾, Ira Fachira²⁾

¹⁾²⁾ Affiliation: Institute Technology Bandung, School of Business and Management, Bandung, Indonesia

Abstract

Servicescape and Service Quality play essential roles in the sustainability of the hospitality industry, particularly in Bandung restaurant business. One-Eighty Café is in the heart of Bandung Tourism Area, which has to deal with tight competition, leading to a focus on improving these factors. This study aims to help One Eighty café to overcome the problem and retain its customers by enhancing Servicescape and Service Quality, leading to Customer Satisfaction and Repurchase Intention. The preliminary data using observation and qualitative methods, followed by a quantitative approach by questionnaire, which is expected to be completed by at least 200 respondents. Quantitative data will be analyzed with SEM analysis. The findings of this study are expected to show the relationship between Servicescape (i.e., ambience and interior layout and design) and Service Quality (i.e., tangible, reliability, responsiveness, assurance, and empathy) influence on Customer Satisfaction and Repurchase Intentions in details. The recommendations of this study are expected to respond to the specific elements that management should focus on to save costs and maximize Customer Satisfaction to retain customers.

Keywords:

Servicescape; Service Quality; Customer Satisfaction; Repurchase Intentions; Hospitality.

1. Introduction

The rapid development of business in forms of café and restaurants has done this business widely spread all over Bandung city. In 2016, there are 2853 cafés and restaurants in West Java with Bandung on the very top list, with 467 cafés and restaurants located in Bandung District, followed by 291 in Bandung City. At the beginning of the following year, 2017, the data shows that there were 795 restaurants, cafes, and bars licensed in Bandung (Tumoutounews, 2018). The numbers are evolving every year, which indicates intensive competition in the same industry in forms of café and restaurants, nowadays many cafes are providing additional facilities to be enjoyed by the customers as their competitive advantage.

Service is subjective, and thus, when assessing facilities, the consumer often depends on visible signs or concrete indicators (Tjiptono, 2014). Servicescape is a term that describes the style and physical appearance where customers and service providers interact (Lovelock *et al.*, 2011). The

service environment has become a selling point for cafe and restaurant businesses, and these business people are doing a lot of things to attract buyers, one of them is through interior design. In this case, we are talking about the restaurant business, to optimize the interior design of their place of business (Kumparan, 2018). From the perspective of the intention to buy again, the more appealing the services provided by the company, the more satisfied the customers would be, which will encourage buyers to repurchase in these services (Lovelock et al., 2011). Repurchase intention defined as a consumer decision as an entity with regard to the repurchase from the same business of a specific service, taking into consideration its circumstances and current state (Hellier *et al.*, 2002).

Discussing Servicescape relation to satisfaction, Wakefield and Blodgett (1996) imply that the length of time customers would like to allocate in the leisure service setting and Repurchase Intention of the service tends to depend on their satisfaction with the service setting. However, Caruana (2000) believed that there is another antecedent of Customer Satisfaction, where Service Quality is one of the major ones. Service quality is the effect of contrast between customer expectations and perception of service provided (Groönroos, 1984). Service consistency appears to be a leading factor in assessments on consumer satisfaction (Caruana, 2000).

One Eighty Café is one of the cafes in Bandung city, which is located at Ganeca street, Dago, Bandung. Researcher did an observation in One Eighty Café by visiting the café for three days, started from 6 to 9 February 2020, and observe the café's surroundings, including the customers. However, from the observation, the Servicescape perceived in the regular day compared to the high traffic day is quite different in terms of its ambience. The service performed by the employee' also slightly change; the significant change is in its gap time between food served. Then, the researcher observes how it affects the customers by looking at their café's review form provided by One Eighty. The aspect that the researcher focused on was the customer's overall satisfaction. On a regular day, the average overall satisfaction with five range of Likert scale of 10 customers was 3,8. However, overall weekend satisfaction, which had more traffic, was 2,9. It turns out with the inconsistent level of Customer Satisfaction among different traffic levels. The researcher assumes that the shifting of the Servicescape and Service Quality affects their satisfaction level. It might indicate that Servicescape and Service Quality plays a role in Customer Satisfaction.

The researcher has also conducted an interview session on 9 February 2020 with 10 One Eighty regular customers. All of them agreed that Servicescape and Service Quality is an integral part of the café that influences them to revisit One Eighty. They also mentioned the inconsistency in Service Quality at One Eighty Café. Acknowledging the tight competition between restaurant and café in Bandung and the shifting of customer behavior, this research aims to identify the influence of Servicescape and Service Quality on Customer Satisfaction and Repurchase Intention. Therefore, it supposed to help One Eighty Café to decide where to invest more money to elevate the Repurchase Intention of its customers. Further, this research help the researcher on gaining specific recommendation for One Eighty Café to improve their Servicescape and Service Quality to survive the industry tight competition. With the background of this research, this paper wishes to answer five proposed questions:

1. Does Servicescape have a significant effect on Customer Satisfaction in One Eighty Cafe in Bandung?
2. Does Service quality have a significant effect on Customer Satisfaction in One Eighty Cafe in Bandung?

3. Does Servicescape have a significant effect on Repurchase Intentions in One Eighty Cafe in Bandung?
4. Does Service quality have a significant effect on Repurchase Intentions in One Eighty Cafe in Bandung?
5. Does Customer Satisfaction have a significant effect on Repurchase Intention in One Eighty Cafe in Bandung?

2. Literature Review

2.1 Servicescape

Servicescape is the condition in which services are being delivered. It is the physical conditions of the place where service providers and consumers interact, also any tangible component used to support the role of service or communicate (Lupiyoadi, 2013). Servicescape is divided into three dimensions, which are; Ambient conditions, Spatial layout and functionality, Signs, symbols, and artifacts (Lovelock and Wirtz, 2011).

Bitner (1992), in her study, mentions findings by Mehrabian and Russell (1974), who state environmental psychologists say that people respond to places with two basic modes of behavior: approach and avoidance. Approach behaviors include all positive responses that may be guided to a specific location, such as the desire to stay, explore, work, and affiliate. Avoidance attitudes represent the contrary, i.e., will not stay. Bitner (1992) also discuss the study of retail environments by Donovan and Rossiter (1982), who found environmental perceptions affected approach behaviors in that environment, and the study by Milliman (1982, 1986) who found background music positive influence on traffic flow and gross receipts in both supermarket and restaurant environments. Darley and Gilbert (1985) in Bitner (1992) mentioned that Servicescape with beyond attracting or deterring entrance would directly affect the degree of satisfaction achieved by customers in executing their plans once they are inside

Wakefield and Blodgett (1996), in their study, built their Servicescape framework based on Bitner's (1992) aspects, which clearly illustrate the effect of Servicescape dimensions on customer behavior through a holistic environment and internal responses. In the context of leisure service, the extended period time, which is spent by the customers for the physical surrounding of the service provider, is generally required (Turley and Fugate, 1992). Wakefield and Blodgett's (1996) study shows that in such cases, the Servicescape perceived quality may take part as an essential role in determining customer's satisfaction, which influences their spending time as well as Repurchase Intention of the leisure service. More recent research by Lam *et al.* (2010) on casino Servicescape effects on gamblers' satisfaction, intention to return, and willingness to stay. This research is a continuation of Bitner's (1992) study on the Servicescape's significant effect on Customer Satisfaction and individual behavior and explores how a casino environment's Servicescape effects gambler satisfaction. Their conceptual model is based on Bitner's (1992) and Wakefield's (1996) study. Their model also indicates that customers satisfied with casinos' physical environment will react with either approach or avoidance behavior in terms of stay desire and intention to revisit.

2.2 Service Quality

Service quality is defined as the results of a comparison of customers' expectations and perception of performed service (Groönroos, 1984). Quality is the subjective valuation of customers; the judgment is determined by the perception of customers on the product (goods and services). The dimension concept of Service Quality is simplified into five dimensions that are used as a reliable indicator of service, which is tangibles, reliability, responsiveness, assurance, and empathy. (Parasuraman, Barry, and Zeithaml, 1988)

According to Zeithaml, *et al.*, (1990) there is an influence of the dimensions of Service Quality on expectations of the customers based on the information conveyed by word of personal needs, mouth, external communication and experience (advertising and various other forms of company promotion) with the reality they receive. Then the conceptual models of Service Quality are developed.

2.3 Customer Satisfaction

Customer satisfaction is a customer's reaction to the perceived disparity evaluation between prior expectations or any performance standard and the actual service output as perceived after consumption (Tse and Wilton, 1998). According to Mohr (1982), in the process theory, the disconfirmation or expectancy paradigm provides the basic constructs for commonly the majority of satisfaction studies; performance, expectations, satisfaction, and disconfirmation. Later, Johnson *et al.* (1996), in their research, discussed further the relevant expectancy paradigm as alternative satisfaction models, one of them is the disconfirmation model. Johnson *et al.* (1996) mention that according to Anderson (1973) and Oliver (1993), the disconfirmation paradigm (also referred to as the confirmation/disconfirmation model) implies that perhaps the extent to which perceived performance meets expectations (positive disconfirmation) raises satisfaction rates while performance rates below expectations (negative disconfirmation) decreases satisfaction rates. Johnson *et al.* (1996) also added that Yi (1991) believe satisfaction seems to be a positive function of both the difference between performance and expectations. The concept of disconfirmation forecasts a fall in satisfaction with raised expectations. Instead of an anchor, expectations serve as a baseline or reference point to which consumers are supposed to measure performance when evaluating satisfaction.

Caruana (2000), in his study, mentioned that Baron and Kenny (1986) provide the model that can be adapted to investigate the mediating effect of Service Quality and service loyalty. Caruana (2000), in his study, explained that researchers had expanded the conception of the idea of loyalty. In the context of its relation to satisfaction, there is significant confusion in the boundary between Customer Satisfaction and Service Quality (Caruana, 2000). Perceived Service Quality is argued by both Groönroos (1984, 1990) and Parasuraman *et al.* (1985, 1988, 1994), as the results of customer comparison between Service Quality expectation and outcome quality or experienced. According to Ruyter *et al.* (1997), in Caruana (2000), Service quality turns out to be a contributing factor to customers' satisfaction judgments. Overall Customer Satisfaction with the existence of experience does lead to loyalty (Caruana, 2000). Later, Caruana (2000) found that Service Quality acts upon the loyalty of service through Customer Satisfaction. The study adds to our understanding by supporting the argument that Customer Satisfaction plays a mediating role in the relation between Service Quality and loyalty. Service quality has also been found to become a significant factor for Customer Satisfaction. Though, the primary focus of management efforts should be on Customer Satisfaction, a substantial antecedent of which is Service Quality.

2.4 Repurchase Intention

Repurchase intention is customer behavior, where customers respond positively to the quality of service of a company and are interested in revisiting or consuming the company's products again (Cronin and Taylor, 1992). More rooted in the service context, Repurchase Intention defined as customer judgment as an individual around the repurchase of a specific service from the same company, taking into account her or his possible circumstances and current situation (Hellier *et al.*, 2002). According to Hellier *et al.*, (2002), when attitude takes part in the model, it is placed as a post-purchase construct with the below general sequence:

Satisfaction → Attitude → Repurchase intention

Hallier *et al.* (2002), in their study, states that scientists prove in their various product and service studies supported the direct positive relationship between Repurchase Intention and Customer Satisfaction studies. In service, these researchers signify that overall Customer Satisfaction strongly corresponds with Repurchase Intention behavior.

In the context of Repurchase Intention relation to Servicescape, the more attractive the Servicescape offered by the company, the more satisfied the consumers will be, which will influence the consumers to repurchase in these service products. (a) Ambient conditions, (b) spatial layout and functionality, and (c) signs, symbols, and artifacts are factors that influence consumer Repurchase Intention in service products (Lovelock *et al.*, 2011). with the existence of consumer satisfaction in Servicescape, it has a positive effect on the period time desired by consumers to stay and return. (Wakefield and Blodgett, 1996).

Further, Repurchase Intention is the behavior of customers where customers respond positively to Service Quality of products/services of a company and plan to consume the company's products again. High Repurchase Intention reflects a high level of satisfaction from consumers when deciding to adopt or re-enjoy a service that was once felt (Cronin *et al.*, 1992).

2.5 Conceptual Framework

As the researcher learned from preliminary research and literature review, Servicescape and Service Quality play essential roles in Bandung's restaurant industry sustainability. This research aims to investigate the influence of Service Quality on Customer Satisfaction and Repurchase Intentions. After reviewing the literature, the researcher identified that Caruana's (2000) model explains Customer Satisfaction as the mediator on Service Quality as the independent variable that leads to Repurchase Intentions. Although Wakefield and Blodgett (1996) research that adapted Bitner's Servicescape model (1992) demonstrate the impact of Servicescape dimensions on customer behavior through holistic environments (perceived Servicescape) and internal responses (satisfaction) that lead to relatively persistent and very potent effects on customers' willingness to repurchase in leisure service settings, these both models is one of the original model of the study field, more recent study adapted Caruana (2000) model with the same model in their research of Service Quality, while Wakefield and Blodgett (1996) study are focusing on leisure service settings which is suitable in the context of restaurants as a leisure service. The conceptual framework of this article is displayed on the Figure 1.

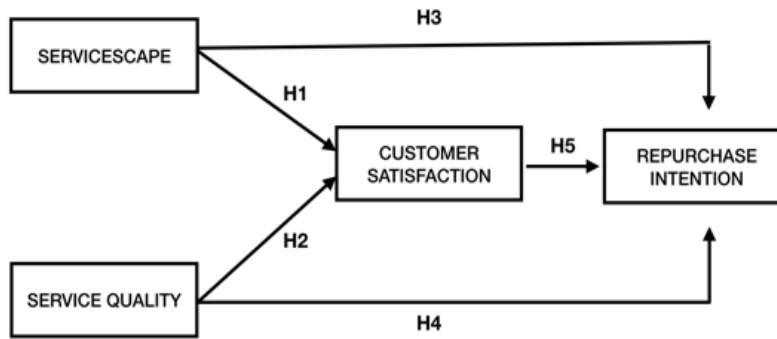


Figure 1. Conceptual Framework

- H₁.** Servicescape has a significant effect on Customer Satisfaction in One Eighty Cafe in Bandung.
- H₂.** Service quality has a significant effect on Customer Satisfaction in One Eighty Cafe in Bandung.
- H₃.** Servicescape has a significant effect on Repurchase Intentions in One Eighty Cafe in Bandung.
- H₄.** Service quality has a significant effect on Repurchase Intentions in One Eighty Cafe in Bandung
- H₅.** Customer satisfaction has a significant effect on Repurchase Intention in One Eighty Cafe in Bandung.

3. Methodology of Research

This study is quantitative research examines the relationship between Servicescape, Service Quality, Customer Satisfaction, and Repurchase Intention. To test the dimensions of Servicescape and Service Quality, a measurement model test is used. The data was collected through Preliminary observation, Preliminary Interview, and Questionnaires. Structural Equation Modeling (SEM) in AMOS is applied to test the model. The sample size of this study is determined based on Malholtra’s (2010) theory, which requires 200 respondents as the minimum sample sizes. Further, the parameter in question is the number of tracks or paths that exist in the overall model (Riadi Edi, 2018). According to Riadi Edi (2018), a ratio of a sample size to the number of parameters of 5:1.

4. Result and Discussion

The results of the SEM analysis are expected to provide an understanding of the relationship between Servicescape, Service Quality, Customer Satisfaction, and Repurchase Intention. This research is a study that empirically tests and explains the impact of Servicescape, Service Quality Dimensions on Customer Satisfaction, and Repurchase Intention comprehensively by conducting studies on cafe service users. Also, this study empirically tested and explained the direct and indirect effects of Servicescape and Service Quality on the Repurchase Intention mediated by the Customer Satisfaction of Bandung's cafe service users.

All attributes of Servicescape, Service Quality dimensions are expected to have a positive impact on the creation of Customer Satisfaction and stimulation of Repurchase Intention. Furthermore, this research is expected to identify which variables have the most significant effect on Customer

Satisfaction and Repurchase Intention. In the meantime, the role of Customer Satisfaction as a mediating variable is expected to have a positive impact on Repurchase Intentions. Besides, by conducting a descriptive analysis of the dimensions of each research variable, this research is expected to guide business owners and marketers in maximizing the Servicescape and Service Quality to improve Customer Satisfaction and to Repurchase Intention in coffee and restaurant visitors. This research will provide insight into which aspects of the Servicescape and Service Quality dimensions are should be focused on to develop. Also, this study is expected to provide insight into the variables being studied. Finally, this research is expected to provide valuable insights for service businesses that offer offline services to become sustainable businesses in this highly competitive service business situation.

5. Conclusion

People's lifestyles in this era have undergone changes and developments, and the activity of "hanging out" is now also part of the activities of young people and adults. The service environment and the improvement of Service Quality have become a crucial point for the cafe and restaurant business, and these business people are doing a lot of things to attract customers, one of which is through interior design. In this case, we are talking about business owners of restaurants or cafes, optimizing the interior design of their premises or services and improving Service Quality to increasing satisfaction and intention to repurchase, the more attractive the services provided by the business, the more satisfied customers will be, which will encourage buyers to buy back into service. Servicescape elements and Service Quality are therefore used as a business strategy to survive today's fierce competition in the cafe and restaurant industry by increasing service and Service Quality to increase consumer interest in cafes and restaurants. Previous research mainly discusses the impact of Servicescape on satisfaction and Service Quality on satisfaction separately; minimal research provides advice on how to increase Customer Satisfaction and Repurchase Intention. This study combines Servicescape and Service Quality variables to increase satisfaction and, at the same time, to generate interest in the repurchasing services offered. This study aims to examine the impact of Servicescape, Service Quality on Customer Satisfaction, and Repurchase Intention comprehensively by conducting studies on cafe service users. SEM analysis is carried out to provide answers to the research objectives. This study is expected to provide an understanding of the impact of Servicescape, Service Quality on Customer Satisfaction, and Repurchase Intention. For the recommendations, cafe and restaurant owners will be able to identify the dimensions of each of the measured variables that need to be improved and improved. Further, to enhance Servicescape and Service Quality will cost a lot of money, by knowing specific dimensions that should be focused on, businesses will efficiently enhance the purpose of both services' cape and Service Quality. The findings will help marketers use the Servicescape, Service Quality Dimensions to improve Customer Satisfaction and Purchase Intention.

REFERENCES

- Admin. (2018, April 30). Peluang Bisnis di Bandung Tahun 2018, Penginapan dan Kuliner. Retrieved May 15, 2020, from <https://tumoutounews.com/2018/05/01/peluang-bisnis-di-bandung-tahun-2018-penginapan-dan-kuliner>.
- Anderson, R.E., 1973. Consumer dissatisfaction: The effects of disconfirmed expectancy on perceived product performance. *Journal of Marketing Research* 10, 38-44.

- Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-82.
- Bitner, Mary (1992). *Servicescape: The Impact of Physical Surroundings on Customers and Employees*, *Journal of Marketing*, 56 (2), 57-71, 65-67.
- Caruana, A. (2002). Service loyalty. *European Journal of Marketing*, 36(7/8), 811-828. doi:10.1108/03090560210430818
- Cronin, J.J. and S.A. Taylor. (1992). "Measuring Service Quality: A Reexamination and Extension". *Journal of Marketing*, Vol. 56 (July). pp. 55-68.
- Darley, John M. and Daniel T. Gilbert (1985), "Social Psychological Aspects of Environmental Psychology," in *Handbook of Social Psychology*, 3rd ed., Vol. II, Gardner Lindzey and Elliot and Aronson, ed. New York: Random House, Inc., 949-91.
- Donovan, Robert and John Rossiter (1982), "Store Atmosphere: An Environmental Psychology Approach," *Journal of Retailing*, 58 (Spring), 34-57.
- Groönroos, C. (1984), "A service quality model and its market implications", *European Journal of Marketing*, Vol. 18 No. 4, pp. 36-44.
- Hellier, P. K., Geursen, G. M., Carr, R. A., & Rickard, J. A. (2003). Customer repurchase intention. *European Journal of Marketing*, 37(11/12), 1762-1800. doi:10.1108/03090560310495456
- Johnson, M. D., Nader, G., & Fornell, C. (1996). Expectations, perceived performance, and customer satisfaction for a complex service: The case of bank loans. *Journal of Economic Psychology*, 17(2), 163-182. doi:10.1016/0167-4870(96)00002-5
- Lam, L. W., Chan, K. W., Fong, D., & Lo, F. (2011). Does the look matter? The impact of casino servicescape on gaming customer satisfaction, intention to revisit, and desire to stay. *International Journal of Hospitality Management*, 30(3), 558-567. doi:10.1016/j.ijhm.2010.10.003
- Lovelock, Wirtz. (2011). *Services Marketing: People, Technology, Strategy*.
- Lupiyoadi, Rambat. (2013). *Manajemen Pemasaran Jasa Berbasis Kompetensi. Edisi ketiga. Salemba Empat*: Jakarta.
- Mehrabian, Albert and James A. Russell (1974), *An Approach to Environmental Psychology*. Cambridge, MA: Massachusetts Institute of Technology.
- Milliman, Ronald (1986), "The Influence of Background Music on the Behavior of Restaurant Patrons," *Journal of Consumer Research*, 13 (September), 286-9.
- Mohr, L.B. (1982), *Explaining Organizational Behavior*, Jossey-Bass, San Francisco, CA.
- Oliver, R.L., 1993. Cognitive, affective, and attribute bases of the satisfaction response. *Journal of Consumer Research* 20. 431-440.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L., (1988). *SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality*, *Journal of Retailing*, Vol.64 No.1, pp.12-40.
- Ruyter, K., Bloemer, J. and Peeters, P. (1997), "Merging service quality and service satisfaction: an empirical test of an integrative model", *Journal of Economic Psychology*, Vol. 18, pp. 387-406.
- Tjiptono, Fandi, (2014). *Pemasaran Jasa*. Penerbit Andi Yogyakarta, Yogyakarta

- Tse, D.K. and Wilton, P.C. (1988), ``Models of consumer satisfaction formation: an extension'', *Journal of Marketing Research*, Vol. XVII, November, pp. 460-9.
- Turley, L.W. and Fugate, D.L. (1992), "The multidimensional nature of services facilities: viewpoints and recommendations", *Journal of Services Marketing*, Vol. 6, Summer, pp. 37-45.
- Wakefield, K. and Blodgett, J. (1996). *The effect of the servicescape on customer's behavioural Intentions in leisure service settings*, *The Journal of Services Marketing*, 10 (6), 45-61.
- Yi, Y., 1991. 'A critical review of customer satisfaction'. In: V.A. Zeithaml (ed.), *Review of Marketing*, 1990 (pp. 68-123). Chicago, IL: American Marketing Association.
- Zeithaml, Valerie, AA Parasuraman dan Leonard L. Berry. (1990). *Delivering Quality Service: Balancing Customer Perception and Expectation*. New York.