

## **The Analysis of Servicescape and Customer Loyalty in *Bale Raos* Ethnic Restaurant in Yogyakarta**

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**Abstract:** *The aims of the research were to identify the concept of servicescape, determines factors for customer interest to comes to restaurant and construct the models of culture-based servicescape in Bale Raos restaurant. Survey was done through questionnaire distribution to 565 customer of Bale Raos. Data was analysis using Structural Equation Modeling (SEM) using AMOS 18 program. Research shows that restaurant has applied servicescape concept which is consist of ambient, design/layout, staff behavior, staff images, culture and product. From servicescape which are represented by six factors, it is calculated that ambient contributes to the loyalty about 0.708. For design, increase of per servicescape unit lead to the increase of restaurant design about 0.739. For product, increase of one level of servicescape unit lead to the increase of restaurant's product about 0.790. In price aspect, one level of servicescape unit lead to the increase of price about 0.607. For culture, increase of per services units lead to the increase of cultural aspect value about 0.779. For staff, increase of one level of servicescape unit lead to the increase of restaurant's culture about 0.764. This means, ambient, design, product, price, staff and culture factor contributes to the customers satisfaction. This research confirm that servicescape is important in restaurant industry, including in Bale Raos Restaurant, Yogyakarta.*

**Keywords:** *Servicescape, customers loyalty, ethnic restaurant*

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### **I. Introduction**

Tourism development in Indonesia has been reported significant. Increase of tourist, both domestic and international, open numerous opportunities for local economic development. There are increasing numerous business related tourism activity, ranging from accommodation to transportation services. The benefits of tourism to local community economic development have been reported significant. Restaurant is one of the important tourism services which area recently growing in Indonesia. In many tourism destinations in Indonesia, restaurant grows significantly as one of the amenity of destination [1] [2] [3] [4].

The competition to attract customers lead restaurant owners and/managers develops creativity and increase restaurant's performances [5]. Ethnical-based restaurant is one of the creative strategies to increase restaurant attractiveness. Scholars point out that there are close relationship between culture and culinary aspects. Ethnic-based restaurant or ethnical restaurant refers to the restaurant with traditional menu, traditional architecture of restaurant building and traditional customs of employee. These aspect were basically close to the indigenous and locality of the tourism destination [6].

Servicescape is one of the physical facilities in services that designed to influence customer behaviors and satisfy that are related to the customer loyalty. Servicescape is an important component in product service that is important to create image in direct perception of customer's mind. In restaurant service, servicescape was used to communicate service to the guest [7] [8] [9].

Servicescape addressed to maintain customers interaction and create efficiency in restaurant operational. Servicescape is a physical facility in services in which it is designed to increase customer satisfaction [10]. Servicescape is the physical facility of organization in tangible form, in which it is represented in some aspect such as space organization, design, and decoration. Servicescape often used to differentiate company from the competitor and to communicate market segment types [11].

All of the aspect related to the ethnic restaurant are related to the culture, including environment, menu, local attraction, artifact, costumes and ethnic furniture that area able to provides and define specific local characters. These components of servicescape were important, especially in establishing customers loyalty. The concept of servicescape consist of some indicators such as: (1) ambient, (2) design factor, (3) social (staff behavior and staff image), (4) product, (5) price, and (6) culture. Ambient conditions represent the environmental condition, in which it is able to create the beauty and physical hospitality of place. It is related with some environmental instrument such as music, aroma, temperature, lighting and cleanness [12]. Social represent staff behavior, and it is encompasses staff behavior and staff image. It is including staff orientation

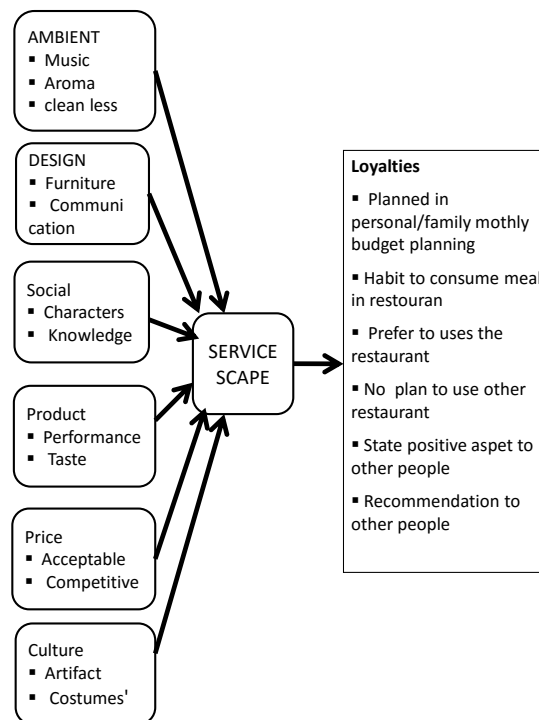
to customers and credibility [13]. Staff image is the images performance of staff that are represented by personal knowledge and competence in their field, skill of communication and performance. Product involve the restaurant product which are created and served in high quality of standard. In this research, authors consider cultural factor as an important factor in servicescape.

Science and technology of ethnic restaurant follow the trend of design, including signed board. The signed board is important to attract customers, especially in eye catching of customers to come to restaurant. The economic factors in servicescape includes product and price. These factor influence costumers to come to ethnic restaurant. Product and price satisfaction lead the loyalty of customers. Customers loyalty occurs when servicescape factor was established and maintained in good standard and done consistently. Scholar point out that the characters of loyal customers are (1) buying more or consume the produce twice or more, and (2) telling other people about the product or company. The loyal customers is the best marketer for the product. The loyal customers is important in restaurant business since its ability to increase benefit and reduce cost of marketing[14] [15]. In order to develop competitive tourism industry, it is needed to establish numerous restaurant with high quality of service, in which restaurant able to increase tourist satisfaction. The aims of the research were to identify the concept of servicescape, determines factors for customer interest to comes to restaurant and construct the models of culture-based servicescape in *Bale Raos* restaurant.

## II. Methodology

### Models and aspects relationship frameworks

The research was initiated by establishing hypothetic models as shown in Fig.1. The underlying assumption of the models is ambient, design, social, product, price and culture contributes to servicescape, and it is essentially contributes to the customers loyalties.



**Fig. 1.** Models framework for analysis

Following the Fig. 1, the constructed hypothesis was drawn below:

- Hypothesis 1: Ambient factor contributes significantly in customers loyalty to comes again to the ethnic restaurant in Yogyakarta
- Hypothesis 2: Design factors contributes significantly in customers loyalty to comes again to the ethnic restaurant in Yogyakarta
- Hypothesis 3: Social factors contributes significantly in customers loyalty to comes again to the ethnic restaurant in Yogyakarta, there are customers satisfaction based on staff capability
- Hypothesis 4: Product factor contributes significantly in customers loyalty to comes again to the ethnic restaurant in Yogyakarta, in which the quality of restaurant's menu is important

- Hypothesis 5: Price factors significantly contributes to the customers loyalty to comes again, in which the prices was better compared to the other restaurant
- Hypothesis 6: Cultural factors significantly contribute to the customers loyalty to comes again, in which staff costumes, behavior, greetings, and behavior represent the ethnicity.

**Model Analysis**

The conceptual frameworks which was developed in previous step, was analyzed through Structural Equation Modeling (SEM) using AMOS 18 (Analysis of Moment Structural). In this analysis, some assumption should be meet, namely normality test, Multi-collinearity and singularity and outlier test. The normality test was performed using significant criteria of critical Skewness value  $\pm 2.58$ . The questionnaire was distrusted to the 565 respondent. Respondents consist of customers who visits *Bale Raos* restaurant to enjoy restaurant services. Result of the validity and reliability test with degree of freedom  $\alpha = 5\%$ ,  $r = 0.0848$  was given in Table 1.

**Table 1.** The result of validity and reliability test

Codes of Questions	Validity significance	Result	Codes of Questions	Validity significance	Result
B1	0.227	Valid	C1	0.628	Valid
B2	0.506	Valid	C2	0.667	Valid
B3	0.437	Valid	C3	0.611	Valid
B4	0.285	Valid	C4	0.632	Valid
B5	0.425	Valid	C5	0.610	Valid
B6	0.544	Valid	C6	0.679	Valid
B7	0.640	Valid	C7	0.687	Valid
B8	0.360	Valid	C8	0.705	Valid
B9	0.510	Valid	C9	0.712	Valid
B10	0.634	Valid	C10	0.720	Valid
B11	0.608	Valid	C11	0.676	Valid
B12	0.588	Valid	C12	0.681	Valid
B13	0.513	Valid	C13	0.692	Valid
B14	0.621	Valid	D1	0.606	Valid
B15	0.596	Valid	D3	0.603	Valid
B16	0.510	Valid	D4	0.459	Valid
B17	0.633	Valid	D5	0.454	Valid
B18	0.527	Valid	D6	0.127	Valid
B19	0.675	Valid	D7	0.153	Valid
B20	0.544	Valid	D8	0.492	Valid
B21	0.539	Valid	D9	0.493	Valid
B22	0.642	Valid	E1	0.352	Valid
B23	0.670	Valid	E2	0.340	Valid
B24	0.608	Valid	E3	0.577	Valid
B25	0.679	Valid	E4	0.410	Valid
B26	0.693	Valid	E5	0.653	Valid
B27	0.691	Valid	E6	0.675	Valid
B28	0.638	Valid	F1	0.638	Valid
B29	0.450	Valid	F2	0.618	Valid
B30	0.667	Valid	F3	0.593	Valid
B31	0.644	Valid	F4	0.637	Valid
B32	0.636	Valid			
B33	0.679	Valid			
B34	0.707	Valid			
Reliability statistics					
Cronbach's Alpha		N of Items			
0.971		66			

Statistically,  $H_0$  was rejected if Cronbach's Alpha  $< 0.60$ . In this study, Cronbach's Alpha  $> 0.60$  and therefore  $H_0$  was accepted. Therefore, it could be concludes that the question items was reliable.

**Data Analysis**

Result of Structural Equation Modeling was tested using Chi-square test with null hypothesis means SEM of *Bale Raos* Restaurant was supported by data and conversely (Hypothesis 1) means SEM of *Bale Raos* Restaurant was not supported by data. By the using 14 estimated parameters and 14 degree of freedom, the Chi-square was calculated about 22.431 and P-value was about 0.070. Test was done using  $\alpha 5\%$  or 0.05. It was generated from critical point in which  $H_0$  was rejected if P-value  $> \alpha$ . There are possible relationship of evaluated aspect to the servicescape. These relationship strength values was ranges from -1 to 1. The negative

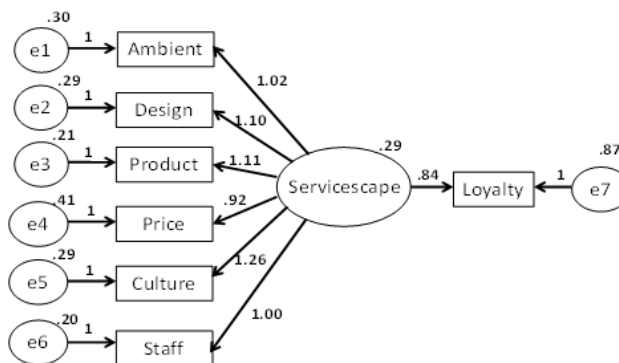
value shows not linier relationship, while the positive value shows the linier relationship. The classification of relationship strength among variables was given in Table 2.

**Table 2.** Classification of relationship strength

Correlation value (r)	Relationship strength
0.00 – 0.20	Very weak
0.21 – 0.40	Weak
0.41 – 0.60	Moderates
0.81 – 0.80	Strong
0.81 – 1.00	Very strong

### III. Result and Discussion

The structural equation modeling of *Bale Raos* Restaurant was given in Fig 2. With P-value 0.070 and  $\alpha$  5%, it is resulted that P-value >  $\alpha$  and therefore H0 was accepted (Table 3). From servicescape which are represented by six factor, it is calculated that ambient contributes to the loyalty about 0.708. It means, increase of one level of servicescape unit in *Bale Raos* Restaurant lead increase of the ambient about 0.78, and this is provides significant impact to customers loyalty. This is also occurs for design, product, price, staff and culture. For design, increase of per servicescape unit lead to the increase of restaurant design about 0.739. For product, increase of one level of servicescape unit lead to the increase of restaurant’s product about 0.790. In price aspect, one level of servicescape unit lead to the increase of price about 0.607. For culture, increase of per services units lead to the increase of cultural aspect value about 0.779. For staff, increase of one level of servicescape unit lead to the increase of restaurant’s culture about 0.764. The servicescape of the *Bale Raos* restaurant has significant correlation to customers loyalty. This means, ambient, design, product, price, staff and culture factor contributes to the customers satisfaction.



**Fig.2.** Structural Equation Modeling for *Bale Raos* Restaurant

**Table 3.** Chi-square model of Structural Equation Modeling of *Bale Raos* Restaurant derived from AMOS 18.

Notes for model (default model)
Computational of degrees of freedom (default model)
Number of distinct sample moment: 28
Number of distinct parameters to be estimated: 18
Degree of freedom (28-18): 10
Result (default model)
Minimum was achieved
Chi-square = 22,431
Degree of freedom = 10
Probability level = .070

From the data analysis, Ambient variable of *Bale Raos* Restaurant can be accepted as an important factor to create customers loyalty. It is argued that the location of *Bale Raos* Restaurant in the Yogyakarta Palace complex able to create the strong ambient factor impact to customer. Yogyakarta palace is the centre of culture of Yogyakarta. Located in the open area, *Bale Raos* provides best environment with fresh air in urban environment. There is also traditional music called *Keroncong* with famous Javanese songs such as *Bengawan Solo*. Scholars point out that the effect of service quality and innovation was important in service industry, including restaurant business [15]. Establishing innovation concept by involving palace images can be considered as one of the important innovation in restaurant business. Design variable in *Bale Raos* Restaurant create the loyalty of customers from visual images. The dining room was design following traditional architecture called *Pendopo* with veranda build from teak wood. The teak wood was crafted by Javanese style in green color. Design contribute to the attractiveness of building and build environment which area increase the

visual quality and memory of visitors, including customer of restaurant [16] [17]. In *Bale Raos* Restaurant building, many art instrument and design has contributed to the images of *Bale Raos* Restaurant as part of the Javanese palace. The elegant building with rich Javanese ornamental carving craft was found in *Bale Raos* Restaurant. It might be expected that building with rich traditional Javanese ornamental carving craft would be represented in *Bale Raos* restaurant. This is become the interesting object to construct place authenticity and therefore increase the attractiveness of *Bale Raos* Restaurant in Yogyakarta.

Staff variable has been identified important in servicescape. In *Bale Raos* Restaurant, staff use traditional dress which area represent and strength the images of Javanese situation. Women use traditional dress called *Jarit* and men use batik dress and black trousers. Batik is often preserved by Javanese, especially old generation. Many people, including customers of *Bale Raos* Restaurant, brought up to expect a well kept traditional dress. Traditional dress used to establish the authenticity aspect of sites, and build locality sense of place, including in restaurant. Scholar point out that traditional instrument, including traditional dress able to perform the locality images of destination. Therefore, it is become important instrument to build local image. This is also important to promote local culture and tradition [18] [19].

For the product, *Bale Raos* offer special dishes which are preferred by Sultan, the king of Yogyakarta Palace. It include red rice, white rice, and traditional rice menu called *nasi gurih* and *sego liwet*. Traditional meal which are dominated by vegetables are encompasses *sayur lodeh*, *oseng daun pepaya*, *Jangan bobor*, *kare sayuran*, *trancam* and *lombok ketok*. Offered meat included *dendeng ragi*, *gudeg sanggar (kembang kelapa)*, *paru ragi*. Offered fish-based menu includes *Gurame acar*. Chicken and duck includes *garang asem*, *singgang ayam*, *bebek ungkep goreng*, and *bebek suwar-suwir*. The offered beverages includes *Wedang jahe gulo klopo*, *beras kencur*, *kayumanis*, *wedang sereh*, *wedang jahe*, *beer Djawa* (non alcoholic drink), *podeng angin* and *es setup*. These dishes are especially rich in term of spice and herb. Some of these are very attractive and specific in their preparation techniques, serving techniques and use particular material which are extracted from Indonesian area. It is especially important for Indonesia culinary and essentially become the competitiveness of Indonesian restaurant. Promoting local cuisine with local spices is able to promote Indonesia spice diversity. It is also become the significant tolls for local biodiversity [20]. Price variable was accepted from medium to high customer levels. Price ranges from 17,000 to 45,000 Rupiah per portion. It is acceptable from customer with ages 25-55 years old. Rice is an important aspect in the product competitiveness. Although process is often related to the product competitiveness, there is also strong attention to the relationship between price and quality [21]. Cultural variable was important, and it is represented by numerous artifact which area distributed at the corner of building. The area numerous artifact with Javanese images, such as gamelan (traditional Javanese music), sitting Javanese women statues, and book menu with Batik covers [22]. Tourism grows has created a number of social changes, which are increasingly being identifies as crucial problems of tourism by scholars. Scholars point out that the cultural preservation required for the sustainability and competitiveness of tourism destinations. In restaurant service, these include a large number of cultural aspect of local behavior in preserving dish and other cultural aspect related to the daily life.

Overall, this research confirm that servicescape is important in restaurant industry, including in *Bale Raos* Restaurant Yogyakarta. Cuisine in ethnic restaurant, servicescape and culture are the entity in which each component cannot be separated. The fostering of ethnic restaurant in tourism destination area is too complex and need the comprehensive considerations. When attempting to increase restaurant's competitiveness, it is helpful to have data on the customers perception to the satisfaction and loyalty. Servicescape is important due its role in package, facilitator, and differentiator. This is especially important for *Bale Raos* restaurant in Yogyakarta [23] [24] [23].

#### IV. Conclusion

Research shows that restaurant has applied servicescape concept which is consist of ambient, design/layout, staff behavior, staff images, culture and product. From servicescape which are represented by six factor, it is calculated that ambient contributes to the loyalty about 0.708, design contributes to the loyalty about 0.739, and restaurant's product contributes to the customers loyalty about 0.790. In price aspect, one level of servicescape unit lead to the increase of price about 0.607, while cultural aspect contributes about 0.779. For staff, increase of one level of servicescape unit lead to the increase of restaurant's culture about 0.764. This means, ambient, design, product, price, staff and culture factor contributes to the customers satisfaction. This study confirms that ambient factor contributes significantly as servicescape indicators.

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