

**THE INFLUENCE OF RESTAURANTS' PHYSICAL ENVIRONMENT ON
DISCONFIRMATION, CUSTOMER SATISFACTION, AND CUSTOMER
LOYALTY: THE CASE STUDY OF KAYU-KAYU RESTAURANT**

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



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ABSTRACT

The Influence of Restaurants' Physical Environment on Disconfirmation, Customer Satisfaction, and Customer Loyalty: The Case Study of Kayu-Kayu Restaurant.

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Food and Beverage industry has become one of the growing sectors in tourism and hospitality industry. As a part of a lifestyle, food and beverage industry are competing each other with their own uniqueness to create a good restaurant or café that stands out than any other. Apart from a good food, the owner of a food and beverage industry needs to consider the concept that needs to stand out which is the physical environment of a restaurant. This research is to find out whether physical environment elements; facility aesthetic, lighting, ambiance, layout, table settings, and service gives influence on disconfirmation that can lead to customer satisfaction and customer loyalty. This study is using primary research by spreading online questionnaires to collect the data. The collected data will be processed with two tests, Pre-test with SPSS software to check the validity and reliability with 30 respondents. The second test, is the big sample with 195 respondents using SPSS software and AMOS software. The result from the test showed that, two hypotheses which is lighting and table settings does not have a significant influence or rejected and the service and service staff has the strongest relationship in physical environment elements towards disconfirmation. From the total of 9 hypothesis, disconfirmation towards customer satisfaction has the strongest significant. As for customer satisfaction towards loyalty, this seems did not have a significant influence because the test is rejected

Keyword: Physical Environment, Facility Aesthetic, Lighting, Ambience, Layout, Table Settings, Service Staff, Disconfirmation, Customer Satisfaction, Customer Loyalty



DEDICATION

I dedicate this paper to my parents, relatives, and friends. My support system, encouragement, and love. I will be forever be grateful.



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I. Introduction

1.1. Background