

## Comparison of Service Quality, Price, and Physical Evidence of RG Fried Chicken and Richeese Factory on Millennial Generation and Gen Z in Pekanbaru City

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### Abstract

This study aims to compare the service quality, price, and physical evidence between local and national fast food restaurants in Pekanbaru City, specifically RG Fried Chicken and Richeese Factory, among Millennial and Gen Z consumers. A quantitative approach was used with data collection through questionnaires distributed to respondents who had made purchases at both restaurants. The data were analyzed using descriptive analysis and hypothesis testing with the Paired Sample t-Test method assisted by SPSS version 21 to test the differences between the two research objects. The results showed that there was no significant difference in service quality among Millennials, while there was a significant difference among Generation Z. In addition, there was a significant difference in physical evidence for both generations. However, no significant difference was found in the price variable among Millennials, while a significant difference was found among Generation Z. These findings indicate that generational characteristics influence consumer perceptions of service quality, price, and physical evidence at local and national fast food restaurants in Pekanbaru City and in similar urban markets in Indonesia.

**Keywords:** Service Quality, Price, Physical Proof

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## **INTRODUCTION**

The food and beverage industry is one of the sectors that has shown significant growth in recent years in line with changes in people's consumption patterns that are increasingly leading to practicality and efficiency. Data from the Central Statistics Agency (BPS) shows that in 2023 the accommodation and food and beverage sector will grow by 5.47%, higher than national economic growth which is in the range of 5.05%. In addition, the number of culinary businesses in Indonesia is recorded at more than 4.8 million units, with around 24-25% of them in the form of restaurants or restaurants. This figure shows that the culinary industry has a large contribution to the national economy while reflecting the high level of competition between business actors.

The city of Pekanbaru as the capital of Riau Province is also experiencing rapid development in the culinary sector. Based on data from the Pekanbaru City Cooperatives and MSMEs Office, the number of MSMEs will increase from 25,074 units in 2023 to 26,684 units in 2024, or grow by around 6.4%. Most of these MSMEs are engaged in the food and beverage sector, including fast food restaurants (Agency, 2024). This growth shows that Pekanbaru is a potential market for the culinary industry, especially fried chicken restaurants, which are one of the most popular food categories.

Fast fried chicken products have a large market share because they are easily accepted by various age groups. Based on BPS's population projections (2023), Millennials and Generation Z account for around 48.51% of the total population of Indonesia. These two generations are known for having dynamic lifestyles, high mobility, and preferences for food that is practical, affordable, and has a variety of flavors. This condition makes Millennials and Generation Z the main segments for fast food restaurants.

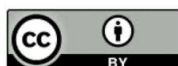
In the current competition of the culinary industry, the city of Pekanbaru is colored by the presence of various brands of fried chicken restaurants, both national and local brands. Richeese Factory as one of the national brands is recorded to have more than 230 outlets in Indonesia, including four branches in the city of Pekanbaru. On the other hand, RG Fried Chicken as a local brand also has five active branches in the city of Pekanbaru. The equality of the number of outlets indicates that the two brands compete directly for consumers within the same market segment and reflect the intensity of competition in the fast-food industry (Porter, 2008).

The rapid growth of the fast-food industry in urban areas reflects changes in consumer lifestyles that tend to prioritize practicality, speed of service, and consistent taste quality. According to research on consumer behavior in the food service sector, competition between national and local brands often occurs due to similarities in target markets, product offerings, and pricing strategies, which ultimately encourage companies to continuously innovate to maintain customer loyalty (Putri & Sari, 2022). In this context, the presence of both brands in Pekanbaru illustrates a dynamic competitive environment where each company must strengthen its brand positioning and service quality to attract and retain customers.

Furthermore, the expansion of fast-food outlets is also influenced by increasing urbanization and purchasing power, which create significant opportunities for business growth in the culinary sector. Studies indicate that factors such as brand image, product quality, price perception, and promotional strategies play an important role in shaping consumer purchasing decisions in the fast-food industry (Pratama et al., 2021). Therefore, the direct competition between Richeese Factory and RG Fried Chicken not only reflects market saturation but also highlights the importance of strategic marketing and differentiation to gain competitive advantage.

From a marketing perspective, the similarity in outlet distribution within the same city intensifies market rivalry and encourages companies to focus on improving customer experience through service innovation, menu variation, and effective promotional campaigns. This condition aligns with the theory that high market competition drives businesses to enhance value propositions to maintain their market share (Kotler & Keller, 2016). Thus, the competition between these two brands in Pekanbaru can be seen as a representation of broader trends in Indonesia's fast-food industry, where both national and local businesses strive to meet evolving consumer preferences.

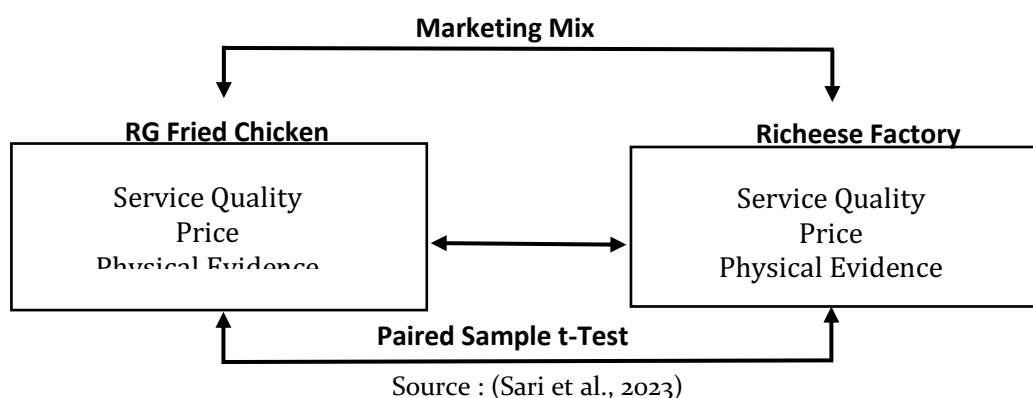
Fierce competition requires companies to be able to provide superior value to consumers. One of the important factors in creating such value is the quality of service. The quality of service



reflects the company's ability to meet consumer expectations through fast, friendly, and reliable service. Research shows that service quality has a positive and significant effect on customer satisfaction in fast food restaurants, indicating that better service performance leads to higher levels of customer satisfaction (Kristiawan, 2021). Similar findings were also conveyed by (Caruana, (2002) who found that service quality has a significant effect on customer loyalty. This indicates that better service performance can increase customer trust and encourage customers to continue choosing the same restaurant. In addition to service quality, price is a factor that is highly considered by consumers in making purchases. According to Hanaysha, (2016) stating that price perception has a significant effect on purchasing decisions. Consumers tend to choose restaurants that offer prices according to the quality and portion of the products received. This is becoming increasingly relevant for Millennials and Generation Z who are known to be sensitive to the concept of value for money. Another factor that is no less important is physical evidence. The physical environment of a restaurant, such as interior design, cleanliness, lighting, and seating comfort, plays a role in shaping the initial impression of consumers. Research by Bitner, (1992), states that physical evidence or the servicescape environment has a significant influence on customers' perceptions and shapes the overall image of a service brand.

Although various studies have examined the influence of service quality, price, and physical evidence on satisfaction and purchase decisions, most studies still focus on one restaurant object or one specific brand (Brady & Cronin, 2001). In addition, research that directly compares local brands and national brands within the same region is still relatively limited. In fact, the comparison is important to find out the competitive position of each brand as well as its advantages and weaknesses. In addition, studies that specifically distinguish the perception of Millennials and Generation Z on service quality, price, and physical evidence are also rare. In fact, although these two generations are often combined as productive age groups, there are characteristic differences in consumption preferences and behaviors. Millennials tend to pay more attention to the balance between quality and price, while Generation Z is more responsive to the visual appearance, atmosphere of the place, and unique consumption experiences (Djafarova & Bowes, 2021).

Based on this description, there is a research gap in the form of limited studies that compare service quality, price, and physical evidence between local and national brand fast fried chicken restaurants by considering the differences in the characteristics of Millennial and Generation Z, especially in the city of Pekanbaru. Therefore, this study is important to provide empirical evidence regarding the difference in consumer perception of RG Fried Chicken as a local brand and Richeese Factory as a national brand. The purpose of this study is to analyze and compare the service quality, price, and physical evidence of RG Fried Chicken and Richeese Factory based on the perception of Millennial and Generation Z in Pekanbaru City.



Based on the framework of thought that has been described, the hypothesis in this study can be formulated as follows:

**HO<sub>1</sub>** : There is no significant difference between the quality of RG Fried Chicken's service and the quality of service at Richeese Factory in Pekanbaru City.

**H<sub>1</sub>** : There is a significant difference between the quality of RG Fried Chicken's service and the quality of the product at Richeese Factory in the city of Pekanbaru.

**H<sub>0</sub><sub>2</sub>**: There is no significant difference between the price view of RG Fried Chicken and the price view of Richeese Factory in the city of Pekanbaru.

**H<sub>2</sub>** : There is a significant difference between the price view of RG Fried Chicken and the price view of Richeese Factory in Pekanbaru City

**H<sub>0</sub><sub>3</sub>**: There is no significant difference between *the physical evidence* of RG Fried Chicken and *the physical evidence* at Richeese Factory in the city of Pekanbaru.

**H<sub>3</sub>** : There is a significant difference between *the physical evidence* of RG Fried Chicken and *the physical evidence* at the Richeese Factory in the city of Pekanbaru.

## RESEARCH METHODS

This research was carried out in the city of Pekanbaru with the research objects, namely RG Fried Chicken and Richeese Factory. The population in this study is consumers who have purchased and consumed products at RG Fried Chicken and Richeese Factory in Pekanbaru City. The sampling technique used was purposive sampling, with the criteria of respondents namely Millennials and Generation Z who had visited and made purchases at the two restaurants (Hair et al., 2019). The number of samples in this study was determined based on the consideration of the feasibility of statistical analysis, so that 100 respondents were obtained. The data collection technique was carried out through the distribution of questionnaires. The data analysis methods used include descriptive analysis and for data quality testing using Validity Test, Reliability Test and Normality Test (Sugiyono, 2013). For hypothesis testing, the Paired Sample t-Test was used to determine the difference in service quality, price, and physical evidence between RG Fried Chicken and Richeese Factory in Pekanbaru City.

## RESULTS AND DISCUSSION

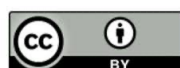
### RESEARCH RESULTS

#### Validity Test

The validity test is carried out to measure the ability of each statement item in the research variable precisely and accurately. The validity test was carried out by comparing the calculation with the *r*table at a significant level of 5%. A statement can be said to be valid if the calculation is > *r*table and vice versa. The *r*table value is obtained by the equation  $N - 2 = 50 - 2 = 48 = 0.278$

**Table 1: Results of Phase One Loading Factor**

Statement Items	R Count	
	Millennial Generation	Generation Z
SQ. 1 <- Service Quality	0,630	0,757
SQ. 2 <- Service Quality	0,513	0,657
SQ. 3 <- Service Quality	0,416	0,680
SQ. 4 <- Service Quality	0,628	0,720
SQ. 5 <- Service Quality	0,562	0,741
SQ. 6 <- Service Quality	0,624	0,714
SQ. 7 <- Service Quality	0,463	0,665
SQ. 8 <- Service Quality	0,388	0,761
PC. 1<- Price	0,656	0,758
PC. 2 <- Price	0,719	0,749
PC. 3 <- Price	0,577	0,798
PC. 2 <- Price	0,777	0,788
OR. 1 <- Physical Evidence	0,645	0,726
OR. 2 <- Physical Evidence	0,461	0,806
OR. 3 <- Physical Evidence	0,642	0,740
OR. 4 <- Physical Evidence	0,450	0,695
OR. 5 <- Physical Evidence	0,610	0,694
OR. 6 <- Physical Evidence	0,618	0,833



OR. 7 <- Physical Evidence	0,648	0,672
OR. 8 <- Physical Evidence	0,660	0,769
OR. 9 <- Physical Evidence	0,608	0,724
OR. 10 <- Physical Evidence	0,637	0,787
OR. 11 <- Physical Evidence	0,615	0,834
OR. 12 <- Physical Evidence	0,586	0,729
OR. 13 <- Physical Evidence	0,697	0,817

Source: Researcher Processed Data, 2026

**Table 2: Results of Phase Two Loading Factor**

Statement Item	R Count	
	Millennial Generation	Generation Z
SQ. 1 <- Service Quality	0,636	0,870
SQ. 2 <- Service Quality	0,518	0,589
SQ. 3 <- Service Quality	0,707	0,874
SQ. 4 <- Service Quality	0,679	0,797
SQ. 5 <- Service Quality	0,639	0,821
SQ. 6 <- Service Quality	0,629	0,832
SQ. 7 <- Service Quality	0,548	0,925
SQ. 8 <- Service Quality	0,480	0,762
PC. 1<- Price	0,675	0,733
PC. 2 <- Price	0,579	0,764
PC. 3 <- Price	0,490	0,713
PC. 2 <- Price	0,638	0,751
OR. 1 <- Physical Evidence	0,759	0,843
OR. 2 <- Physical Evidence	0,733	0,886
OR. 3 <- Physical Evidence	0,573	0,761
OR. 4 <- Physical Evidence	0,664	0,853
OR. 5 <- Physical Evidence	0,715	0,888
OR. 6 <- Physical Evidence	0,587	0,862
OR. 7 <- Physical Evidence	0,740	0,874
OR. 8 <- Physical Evidence	0,643	0,807
OR. 9 <- Physical Evidence	0,644	0,770
OR. 10 <- Physical Evidence	0,702	0,814
OR. 11 <- Physical Evidence	0,735	0,673
OR. 12 <- Physical Evidence	0,664	0,869
OR. 13 <- Physical Evidence	0,747	0,858

Source: Researcher Processed Data, 2026

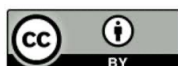
Based on the results of the validity test that has been carried out, it is known that the r-value of the table is 0.278. All statements on the variables of service quality, price, and *physical evidence* have a calculated value of r greater than the r of the table ( $r_{\text{calculated}} > 0.278$ ). Thus, it can be concluded that all statement items on both RG Fried Chicken and Richeese Factory in this research questionnaire were declared valid and suitable for use as a measuring tool in the research.

### Reliability Test

The reliability test was carried out to determine the level of consistency in measuring the variables studied. A data can be said to be relib by looking at the size of Cronbach's Alpha which has a value greater than 0.70.

**Table 3: Reliability Test Results**

Brand	Variable	Cronbach's Alpha	
		Millennial Generation	Generation Z
RG Fried Chicken	Service Quality	0,811	0,910



	Price	0,843	0,897
	Physical Evidence	0,899	0,951
	Service Quality	0,856	0,945
Richeese Factory	Price	0,781	0,877
	Physical Evidence	0,929	0,969

Source: Researcher Processed Data, 2025

Based on the results of the reliability test, all variables in this study had Cronbach's Alpha and Composite Reliability values greater than 0.70. This shows that all research instruments are declared reliable or consistent, so that questionnaires are suitable for use as a data collection tool in research.

**Normality Test**

The normality test is carried out to determine whether the feasibility of data in the study is normally distributed or not. The normality test is recognized using the Kolmogorov Smirnov test, where the data is declared to be normally distributed if the value of Asymp. Sig. (p-value) is greater than 0.05.

**Table 4: Normality Test Results**

Fire	Variable	Asymp.Sig. (2-tailed)	
		Millennial Generation	Generation Z
RG Fried Chicken	Service Quality	0,380	0,099
	Price	0,121	0,078
	Physical Evidence	0,629	0,055
Richeese Factory	Service Quality	0,233	0,096
	Price	0,695	0,241
	Physical Evidence	0,860	0,087

Source: Researcher Processed Data, 2025

Based on the results of the normality test, it is known that the significance value (Asymp. The sig.) obtained for each variable is greater than 0.05. Thus, it can be concluded that the data in this study is normally distributed, thus meeting one of the requirements for further statistical analysis.

**Hypothesis Test**

The t-test difference test using a related sample is used to test the average difference between two related samples, to measure the test using a different test tool for paired samples (Ghozali, 2018).

**Table 5: Paired Sample T-test Results**

Generation Variable	Sig.(2-tailed)		Interpretation
	RG Fried Chicken and Richeese Factory		
Millennial	Service Quality	0,344	No Significant Difference
Generation	Price	0,051	No Significant Difference
	Physical Evidence	0,000	Significantly Different
Generation	Service Quality	0,015	Significantly Different
Z	Price	0,000	Significantly Different
	Physical Evidence	0,000	Significantly Different

Source: Researcher Processed Data, 2025

Based on the results of *the Paired Sample T-Test* above, it was found that in the variables of service quality and price there was a significant difference between RG Fried Chicken and Richeese Factory in Generation Z, while in the Millennial Generation there was no significant difference. Meanwhile, in the physical evidence variable, significant differences were found between the two brands in both Millennial and Generation Z.

**DISCUSSION**

Based on the results of the hypothesis testing that has been carried out, the findings regarding the difference in consumer perception of service quality, price, and physical evidence



between RG Fried Chicken and Richeese Factory in the Millennial Generation and Generation Z are as follows. In the service quality variable, the test results showed that the Millennial Generation obtained a significance value of  $0.344 > 0.05$ , so that H1 was rejected and H0 was accepted. Thus, it can be concluded that there is no significant difference between the quality of RG Fried Chicken and Richeese Factory's services in the Millennial Generation. Meanwhile, in Generation Z, a significance value of  $0.015 < 0.05$  was obtained, so that H1 was accepted and H0 was rejected. This shows that there is a significant difference between the quality of RG Fried Chicken and Richeese Factory services in Generation Z. This is caused by differences in characteristics and both generations.

Then for the price variable, the test results showed that in the Millennial Generation, a significance value of  $0.051 > 0.05$  was obtained, so that H1 was rejected and H0 was accepted. This means that there is no significant difference between the price of RG Fried Chicken and Richeese Factory in the Millennial Generation. However, in Generation Z, a significance value of  $0.000 < 0.05$  was obtained, so H1 was accepted and H0 was rejected. Thus, it can be concluded that there is a significant difference between the price of RG Fried Chicken and Richeese Factory in Generation Z.

The physical evidence variable, the test results show that both Millennials and Generation Z have a significance value of  $0.000 < 0.05$ , so H1 is accepted and H0 is rejected. This indicates that there is a significant difference between the physical evidence of RG Fried Chicken and Richeese Factory, both in Millennials and Generation Z.

## CONCLUSION

Based on the study, it can be concluded that: (1) There is no significant difference between the quality of RG Fried Chicken's service as a local brand and Richeese Factory as a national brand in the Millennial Generation. (2) There is no significant difference between the price of RG Fried Chicken and Richeese Factory in the Millennial Generation but in Generation Z there is a price difference between the two brands. (3) There is a significant difference between the physical evidence of RG Fried Chicken and Richeese Factory in the Millennial Generation and Generation Z in the city of Pekanbaru. (4) Overall, the results of this study show that there is a difference in preferences between Millennials and Generation Z in assessing fast food restaurants, where local brands tend to be perceived as superior in terms of affordability, while national brands are superior in terms of service consistency and physical appearance of restaurants.

Based on the results of the research conducted, there are several suggestions that can be given, namely: (1) RG Fried Chicken is recommended to improve the quality of service, especially in terms of service speed and employee friendliness, as well as improve the physical appearance aspect of the restaurant to make it more attractive and comfortable. (2) Richeese Factory is advised to maintain consistency of service quality and physical evidence, as well as consider a more competitive pricing strategy to reach price-sensitive consumers. (3) For future researchers, it is recommended to add other variables such as product quality, brand image, and promotion, as well as expand the scope of the research area to obtain more comprehensive results.

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