

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The increased needs and levels of satisfactory of each and every customers a business had have proven to be an objective of every organizations to meet the satisfaction requirements in order to maintain customers' retention. Thus, every organizations are investing on customer service to ensure that customers are satisfied with the organization – its product and services – and at the same time increase the profit of the organization.

Highly satisfied customer will bring several positive aspects to an organization; it is believed that customer satisfaction has a positive relationship with economic profit (Anderson, Fornell, and Lehmann, 1994). Moreover, it will lower customer's price sensitivity (Fornell, 1992), and contribute to the creation of loyal customers, which in turn implies a stable future cash-flow (Matzler et al., 1996).

Customer service is the provision of service to customers before, during and after a purchase. Kurtenbach (2000) explains that those who are successful in customer service rank their customers experience as the top priority. Most successful businesses recognize the importance of providing outstanding customer service. Courteous and empathetic interaction with an expert customer service representative can mean the difference between losing or retaining a customer.

Customers will complaint if the products or services provided are dissatisfying them. Therefore, customer complaint handling is needed to handle the dissatisfied customers. Customer complaint handling is form of services to decrease customer dissatisfaction and at the same time increase customer satisfaction. By doing so, the customer will feel satisfied and repurchased products or services from the organization.

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. In a competitive marketplace where a business competes for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Customer satisfaction is an asset that should be monitored and managed just like any physical asset. The relationship between customer service and customer satisfaction is a vital one.

Customer Purchase Decision is the decision made by customer in deciding which product to buy from every alternatives they have. To establish a competitive advantage in marketplace, it is important for companies to focus on creating a strong brand which will affects the customers' purchase decision (Shamsher, 2015). Companies need to learn about customer behaviour to understand the customer's purchase decision process and factors that influence purchase decision.

Customer behavior is a widely studied field. It is hard to understand the theory completely because it is related to human mind. However, Customer Purchase Decision can be predicted by taking their past purchase decision into consideration. According to Kotler and Keller in Marketing Management (2015), Customer makes purchase decisions every day and they are driven by factors that they are unaware of. For example, buying *sambal* / chili sauce are done almost automatically and does not need any information search. Every Purchase decision have characteristics that come from cultural, social, personal or psychological factors. Customers might think that they have always bought the same brand.

Caffein Time in Cemara Asri is one of the favorite culinary places in Medan. Good place for relax, chat, client meeting or just selfie breaktime with their various snack and of course great coffee taste for caffein addicted.

As for Caffein Time sales data during the year 2018 can be presented in table I.1 as follows:

Table 1.1 Sales Realization Data at Caffein Time Year 2018

Month	Target Sales (Rp)	Realization Sales (Rp)	Percentage (%)
October	50.000.000	38.000.000	76%
November	50.000.000	35.000.000	70%
December	50.000.000	32.200.000	64%
January	50.000.000	28.500.000	57%
February	50.000.000	29.000.000	58%
March	50.000.000	30.500.000	61%
April	50.000.000	27.500.000	55%
May	50.000.000	31.700.000	63%

Source: Caffein Time Shop, 2018

From table 1.1 it can be seen that Caffein Time sales is not going well, they have a total of 76% of the target sales in October 2018 and fall down to 55% of target sales in April. As of lately according to the owner, there have been many complaints from customers. Some of the complaint from customers are cold behavior of the employee, employee's little knowledge of the menu, and employees' negligence of the foods or drinks quality (e.g. if there are peeled skin fall in the juice, or some supporting tools in cooking still left behind in food e.g. toothpicks to support the chicken or burger when cutting, or the plating of some "fancy-looking" foods) provided/served to customer.

In order to help the company in maintaining the realization sales or reaching the target sales, the writer is interested in choosing the title **"Customer Complaint Handling Affects Customer Purchase Decision at Caffein Time, Medan"**

1.2 PROBLEM LIMITATION

Problem limitation is essential in the research so that this research could be done smoothly by focusing on the problems. This research focuses on Customer Complaint Handling with the indicators Customer Satisfaction, also focus on Customer Purchase Decision with

the indicators such as Cultural, Social, and Personal or Psychological factors.

1.3 PROBLEM FORMULATION

Based on the background of the study above, the problem formulation for this research are:

- How is Customer Complaint Handling at Caffein Time?
- How is Customer Purchase Decision at Caffein Time?
- Does Customer Complaint Handling affects Customer Purchase Decision at Caffein Time?

1.4 OBJECTIVE OF THE RESEARCH

The objectives of this research are in accordance with problem formulation described above, which are:

- To know Customer Complaint Handling at Caffein Time.
- To know Customer Purchase Decision at Caffein Time.
- To know if Customer Complaint Handling affects Customer Purchase Decision at Caffein Time.

1.5 BENEFIT OF THE RESEARCH

There are two kinds of benefit from this research, which are:

1.5.1 THEORETICAL BENEFIT

Benefit for writer: As an information and help the writer in understanding part of marketing management especially about customer services.

Benefit for other researcher: Expected to be useful as references for future research with the same or relevant topic.

Benefit for the University: As an additional universtity student paper work that are expected to be useful as student learning material.

1.5.2 PRACTICAL BENEFIT

This research could be used as a guide or recommendation for companies, especially those related to the object of the research, which are the effects of customer complaint handling and customer satisfaction.

