

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF STUDY

An increasingly progressive and rapidly growing world of business leads to a very important marketing role in supporting business progress. One field of business that is evolving very rapidly is the field of pastry business. The pastry industry in Indonesia is growing faster and faster, making culinary business more dynamic to the changing market. Pastry business in general has several factors to note. The main factors are the taste and the ingredient quality of the product. The other important thing is how the services are provided by the manufacturer to the consumer at that time which will make the customer decide to buy those products.

An entrepreneur has the potential to increase market share through the fulfillment of customer service quality satisfaction. Quality of service begins from customer needs and ends with customer satisfaction. Satisfaction is the feeling of pleasure or disappointment of someone who emerges after comparing the performance of the product to the expected performance.

Researches in the field of entrepreneurship broadly analyze the impact of service quality on customer satisfaction to a new business. However, there are still very few empirical studies conducted to evaluate the barriers, both real barriers and perceived barriers, which caused the prospective entrepreneurs fails to start their business.

Business in pastry field can attract customers when paying attention to aspects of the ingredient quality of a product such as the taste and benefits of consuming the product itself. The pastry field as previously described not only takes into account the ingredient quality

of a product alone, the improvement of quality or service quality is also very important to give more value to the customers.

Quality provided can boost the customers to forge strong bonds with the company. In the long term, this bond allows the company to understand carefully the expectations of its customers and needs. Thus the company can improve customer satisfaction where the company maximizes the customer's pleasant experience. Product quality is the ability of a product in meeting the needs of customers or users of goods or services.

Good and satisfying customer service should be the primary mission for a start-up cafe where customer satisfaction is the main highlight for a business in deciding on a strategy to win the competition. Quality of service and products offered at affordable prices supported by the facilities could also become the main capital of a start-up cafe to attract customers.

With the increasing number of cafes that appear causes customers to have many alternatives and more selective in determining the choice. Therefore, marketing is not only required to sell products or services, but also must know how to present the best alternative to the target market compared with competitors. In this condition, it requires the cafe owner in general to be able to find out as much information as possible or to always improve the introduction to the consumers, re-identify their needs, both for the present and for the foreseeable future. Quality of service is the fulfillment of consumer expectations or needs that compare the results with expectations and determine whether the consumer has received quality services or not.

Service quality is considered as an integral part of any facet of industry and it defines the future of the organizations. Organizations are increasingly focused on customers and driven by customer demands. It is becoming equally challenging to satisfy and maintain customer satisfaction. Both service quality and customer satisfaction are two distinct but related constructions. This is especially true for

business where increased customer satisfaction levels result in profit maximization. (Angelova, 2011)

The quality of services should start from customer needs and end with customer satisfaction and positive perceptions of service quality. Customer satisfaction is closely linked to quality. Quality has a direct impact of product performance and customer satisfaction. (Kotler& Keller, 2013)

The main factor determining customer satisfaction is the customer's perception of service quality. (Lupiyoadi, 2013)

Cake O' Clock is a start-up business in Medan which provides cake, cupcakes, coffee and others. This start up business is owned by Dyana. However, there is still lacking of customers which makes the writer have the intention to do this research. To increase their intention to revisit the café, it can be concluded that the quality is the whole of the features and characteristics of a product or service that has the ability to satisfy the needs.

As the growing of business environment in Medan is very competitive, the idea to make service quality of customer satisfaction research based on the customer point of view. Based on the background on the above, researchers would like to do a research entitled **“The Impact of Service Quality on Customers Satisfaction at Cake O’ Clock Medan”**.

1.2 PROBLEM LIMITATION

Due to limitation of writer’s knowledge, time and budget, this writer focuses on service quality as independent variable and customer satisfaction as dependent variable. The research is done at Cake O’ Clock at Grand Palladium Mall Medan. The indicators of service quality are reliability, responsiveness, assurance, empathy, and tangibles. (Kotler, 2015, p. 397). The indicators of customer satisfaction are overall customer satisfaction, confirmation of

expectations, repurchase intention, and willingness to recommend.
(Tjiptono,2014)

1.3 PROBLEM FORMULATION

Based on the background of study above, the writer makes problem formulation as follows:

1. How is the service quality at Cake O' Clock Medan?
2. How is the customer satisfaction at Cake O' Clock Medan?
3. Does service quality have impact on customer satisfaction at Cake O' Clock Medan?

1.4 OBJECTIVE OF RESEARCH

The purposes in doing this research are:

1. To know the service quality at Cake O' Clock Medan.
2. To know about the customer satisfaction at Cake O' Clock Medan.
3. To identify the impact between service quality and customer satisfaction at Cake O' Clock Medan.

1.5 BENEFIT OF RESEARCH

Hopefully, the research can provide theoretical benefit and practical benefit for people who want to increase their business sales by service quality.

1.5.1 THEORETICAL BENEFIT

1. To enhance the understanding and knowledge about impact of service quality toward the customers satisfaction.
2. To increase the academic understands of the effect of service quality on customer's expectation and perception.

1.5.2 PRACTICAL BENEFIT

1. For the writer, to gain more knowledge and experience for service quality and customers satisfaction.
2. For the café, this research can provide input to the café as a consideration and as on how the quality of service can affect customer satisfaction to retain their customers.
3. For other researcher, to use this research as additional knowledge and references for the same areas/ topics.

1.6 SYSTEM OF WRITING

CHAPTER I : INTRODUCTION

This chapter contains background of the study, problem limitation, problem formulation, objectives of the research, benefit of the research both theoretically and practically, and the systems of writing.

CHAPTER II: LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter contains theoretical background of the impact of service quality toward customers satisfaction at Cake O Clock Medan, the hypothesis development, research model, and framework of thinking.

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains background of the study, problem limitation, problem formulation, objectives of the research, benefit of the research both theoretically and practically, and the systems of writing.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter contains general view of “Research Object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

CHAPTER V : CONCLUSION

This chapter will clarify the conclusion of this research project, the implication and the recommendation of this research project.

