

# CHAPTER I

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

The growth of the service industry has been increased dramatically and intensely competed with each other in the past decade. Despite of the service industry is growing rapidly every year especially in the restaurant sector, many of them also failed to compete and survive in this industry. One of the main factors affecting the competition in this field is the quality of services provided by the restaurants itself; hence, service quality is a major factor that affects a customer in terms of increasing customer loyalty (Quddus & Hudrasyah, 2014).

Today, although the quality of products are one of the factors that can affect the success of restaurant, however service quality also has a big impact on influencing restaurants where they are one of the factors that determine customer's first impression. Therefore, the marketing strategy of the restaurant now has made their best efforts to focus more on service quality standards to obtain customer loyalty and customer satisfaction. Customer satisfaction p n c { u " c " x k v c n " t q n g " k p " f g x g n q r term economic success since a dissatisfied customer is unlikely to return to a restaurant or recommend it to friends and relatives. (Surapranata & Iskandar, 2013).

As we know that customer satisfaction is a top priority in this service industry, then the restaurant must need to provide a maximum quality of services to their customers and make themselves to be different itself by making their operations not only rely on their food quality and facilities but more on the service quality in order to guarantee that the restaurant would be able to compete and survive in a long term. Khadka c p f " O c j c t l c p " \* 4 2 3 9 + " h q w p f " v j c v " ð e w u component of a business strategy as well as customer retention and product repurchase and to maximize the customer satisfaction companies

should sell ideas and methods after the completion with all the necessary

The survival of the company in a competitive business environment such as restaurant, it is depend on the level of customer satisfaction whether customer requirements are met, a positive disconfirmation exists, which results in customer satisfaction, positive word-of-mouth, and retention (Kwok et al., 2016). Hence, understanding customer expectation is the first step that is important for achieving customer satisfaction and increase customer loyalty in this service industry.

The achievement in satisfying customer is one form of success for restaurant where it means that customer provides maximum assessment for the restaurant based on the experience that they had. Furthermore, the level of customer satisfaction can be used to find out whether the service quality that has been applied by the restaurant is appropriate or not. Aftab et al. (2016) stated the concept of customer satisfaction has been evolved over the years, it is process of satisfaction that allows the firms to enhance their reputation effectively and efficiently; thus, the service quality and customer satisfaction become the key elements of an organization

In this present era of this service industry, the restaurant must need to understand satisfaction. One of the important factors to obtained customer satisfaction is through the services from the employees of the restaurants. Employee also playing a substantial role in this field because they are the one who directly interact and communicate with the customers and also creating first impressions of the customer. Rusdi et al. (2016) state that it is important to know the key dimensions of relationship quality that employees must have especially for firm-customer relationship because it normally offers many benefits to the organization and customer

satisfaction really matters not only to the customer, but even more so to

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The writer was conducted the research in X.O Suki Sun Plaza Medan. X.O Suki restaurant is one of the famous restaurant in Medan that was established in 2010 and is located in a mall that quite popular in Medan which is Sun Plaza Medan 3<sup>rd</sup> floor at Jl. KH. Zainul Arifin No.7, Upper Madras, Medan Polonia, Medan City, North Sumatra. The establishment of X.O Suki Sun Plaza Medan for the past 9 years can show that they are one of the restaurants that can survive and compete with other restaurants in this city. However, recently there was a problem in the restaurant which the decrease of customer satisfaction. When the researcher visited this restaurant as a customer, it was found that the quality of service provided by this restaurant was still poor. There are some of service quality that are considered low, one of them is the service that have been provided by the employees for instance there is a lack of g o r n q { g g u ø " h c u v " t g u r a n d p l a k g o f a k u p r a c y j i n c p f n k p i ' receiving orders. This problem was also commented by previous customer who had visited X.O Suki Sun Plaza Medan through the interview with the writer. Besides that, the cleanliness of the restaurant do have a problem where rubbish is still found under the table after the previous customers n g h v " c p f " k v " f k u v t c e v g f " e w u v q o g t ø u " e q o

Therefore, based on the problem above, the researcher is interested to conduct research in this restaurant with title “ **T h e I n f l u e n c e s Services Quality toward Customer Satisfaction in X.O Suki Sun Plaza Medan** ” .

## 1.2 PROBLEM LIMITATION

Due to limitation of time, experience, and knowledge that the writer has. Therefore, Therefore, this research is only limited to customers from X.O Suki Sun Plaza Medan to find out their satisfaction level with the quality of services that have been provided by employees of X.O Suki

Sun Plaza Medan itself. For service quality, the author will focusing on dimensions of service quality stated by Parasuraman et al., which is reliability, tangibles, responsiveness, assurance and empathy (Quddus & Hudrasyah, 2014).

### **1.3 PROBLEM FORMULATION**

Based on the explanation above, problem formulation of this research is “Is there any influence of services quality toward customer satisfaction in X.O Suki Sun Plaza Medan?”

### **1.4 OBJECTIVE OF THE RESEARCH**

The objective of this research that the writer would like to achieve is to find out whether service quality has influence on customer satisfaction in X.O Suki Sun Plaza Medan.

### **1.5 BENEFIT OF THE RESEARCH**

#### **1.5.1 THEORETICAL BENEFIT**

1. To increase the knowledge in management field especially about the influences of services quality toward customer satisfaction.
2. To know more about the importance of services quality in influencing service industry such as restaurants.
3. This research can be used as reference for other researcher for future research.

#### **1.5.2 PRACTICAL BENEFIT**

1. Benefit for the restaurant:
  - a. To find out and improve the performance of employees at X.O Suki Sun Plaza Medan
  - b. To provide an evidence of the influence of employees services quality toward customer satisfaction in X.O Suki Sun Plaza Medan

- c. To increase customer satisfaction with employees services quality.
  - d. To create a new set of standard operation procedure to improve employees services quality.
2. Benefit for the researcher is an additional knowledge of the services performance that should be applied at restaurants and know how to increase customer satisfaction in the service industry.

## 1.6 SYSTEM OF WRITING

This paper is consists of five chapters, the following is a description of each chapter

Chapter I (one) : Introduction

This proposal explains the background of research which is the influence of services quality to customer satisfaction in restaurant and mentions the problem statement, problem formulation, objectives of the research, and theoretical and practical benefits.

Chapter II (two) : Literature review and hypothesis development

This proposal explains the definitions and factors of variables that supported by previous research and has a temporary hypothesis which is "There is a significant influence of services quality toward customer satisfaction in X.O Suki Sun Plaza Medan". Then this chapter also completes with framework of thinking.

Chapter III (three) : Research Methodology

This research explains the methods used to find out and answer the hypotheses that have been made. Starting from the research design as well as the population and techniques used for this study. The part that ends this chapter is the object of research and data collection method.

Chapter IV (four) : Data analysis and discussion

This research explains the general view of research object and data analysis which includes descriptive statistics, results of testing the quality of data, results of hypothesis testing, and discussion.

Chapter V (five) : Conclusion

This chapter consists of conclusion, implication, and recommendation.

