

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Along with the development of the era, urban society is currently experiencing lifestyle changes. Humans are no longer able to meet their own needs and desires so that they need the existence of a place that can meet human needs and desires.

The number of products, both goods and services that compete in the market, becomes very large so that consumers have a variety of choices and alternatives, especially in culinary business. Nowadays, the culinary business has become a promising prospect because the community needs for food and gathering places, and relax from busy daily activities.

Nowadays, social life in Medan cannot be separated from hanging out activities with friends, family or lovers. It became a habit of young people to hang out at least once a week. Even some of community choose café as a place to study. Cafe also provides entertainments for the convenience of consumers to socialize, chat with colleagues, take a good picture, and even to date.

Café business is one of the services that involve in this tight competition. The existence of a cafe in Medan has become a daily sight especially for young people. It became an interesting place not just to drink coffee but also for eating snacks. Consumers prefer low-priced products but have good quality, therefore to survive in the competition, companies must be able understand and know the desires and needs for consumers to feel satisfied.

The development of the cafe business in Medan is now starting to attract entrepreneurs and has very good improvements and advancements. This can be seen from the number of new cafe outlets that have sprung up.

Besides socializing at the cafe, people also usually hanging out at the mall. With the increasing number of malls in Medan, it is an opportunity for entrepreneurs to open business land, especially cafes. The growth of a cafes certainly must be addressed carefully by the cafe entrepreneurs who have been there before, so that their customers do not move to new cafes that will appear in the future.

Customer satisfaction is the most important thing to build in service and it is one of the company's goals which ends with customers repurchase. The customer's feeling for the product or service offered by the company must be good so that it can be said to be satisfied. A good company is a company that can provide satisfaction to its customers. Some ways to achieve customers satisfaction are by providing a unique place, good service, friendly and delicious and healthy food and beverages menu. If the café has a unique decoration or some photo spot, customers (especially young people) will come visit and post it to their social media.

To maintain market share, the company must first know the needs and desires of consumers. Companies must also develop an understanding of how consumers actually make purchasing decisions and behavior after purchase. Then the consumer will make a repeat purchase or just stop at the first purchase.

A loyal customer is like a treasure for the company. Nowadays, it is hard to keep a loyal customer because people tend to try new things, such as café, restaurant and etc. Customer satisfaction is a key to help the company stand out of the competition.

Service quality can be analyzed as an attempt to fulfill the needs and desires of customers and also the accuracy of delivery in balancing consumer expectations. Good service can deliver a good image to the company, and can accidentally activate one of the simplest marketing strategies, which is word of mouth. The consumers will tell a good review about the company to their relatives.

Quality is always focusing on customer. Products are produced to meet customer desires so that a product can be said to be quality if it is according to the customer's wishes, besides that, the quality is sourced from two sides, producers and consumers. Producers determine requirements or quality specifications, while consumers determine needs and desires.

According to Kaihatu (2015, p.40) customer satisfaction is also influenced by service quality factors. The service quality that is best received is one of the important factors in the success of a business. In other words, service quality was created to avoid gaps between reality and customer expectation for perfectly received services created from the level of customer satisfaction.

The Coffee Crowd is one of the famous cafes in Medan that was founded in 2012. The Coffee Crowd is located in shopping centers. One of the locations of The Coffee Crowd is located at Sun Plaza, as we know that Sun Plaza is one of the biggest shopping centers that are visited by many young people. The Coffee Crowd is located on the third floor of Sun Plaza Medan. Since their opening day, The Coffee Crowd is always crowded with visitors, especially in lunch time and dinner time. Food and beverages provided are diverse and guaranteed quality. Starting from traditional Indonesian, western, oriental cuisine and menus of popular snacks.

The Coffee Crowd carries the concept that has a simple, modern, and home atmosphere. This is able to make visitors feel more comfortable while hanging out with their friends and enjoying their favorite dishes. It is suitable place to hang out and have a break from your daily activities. The Coffee Crowd must develop an understanding of how customers will buy their products again, and can provide the best quality service.

Based on the observation on Instagram page of The Coffee Crowd (@thecoffeecrowd), the researcher found several customer complaints about The Coffee Crowd Sun Plaza Medan. There is a

customer complaint about stapler fill in the dish and The Coffee Crowd employee did not take any action, so the customer feels disappointed and post it on social media. There is also customer who complaint about the impolite and unfriendly employee of The Coffee Crowd Sun Plaza Medan, where the customers have been queuing for a table of two people but the employee provides the table for other customer because they had more people than the first customer. There is also customer who complaint about the *mie sop* and fried rice dishes, where the *mie sop* was very oily and the fried rice was not fresh. Other customer also complaint that she was being charged for sitting at The Coffee Crowd Sun Plaza for too long.

Service quality offered by The Coffee Crowd include reliability, ability of The Coffee Crowd employees in serving and helping customers to choose food and beverages menu. Responsiveness, willingness of The Coffee Crowd employees to give service that customers need. Assurance, include employees' knowledges about the product. Empathy, services that provided by The Coffee Crowd employees are very good to customers. Tangibles, café concept has an impact towards customer perception, for example interior design, wallpaper, floor that customer can feel.

Based on these problems, the writer is interested in conducting a research with the title: "**The Impact of Service Quality Towards Customers Satisfaction at The Coffee Crowd Sun Plaza Medan**"

1.2 Problem Limitation

In this research, the problem boundary is limited to customer satisfaction variables as Y variable and service quality as variable X on Coffee Crowd. The indicators for variable X are Reliability, Responsiveness, Assurance, Empathy dan Tangibles. And the indicator for variable Y are Expectation, Performance, Comparison, Confirmation /disconfirmation.

1.3 Problem Formulation

Based on the background of the study, the problem formulation are as follows:

1. Does service quality has impact on the customer satisfaction at The Coffee Crowd Sun Plaza Medan?

1.4 Objective of the Research

Based on problem formulation above, the objectives of the research are as follows:

1. To investigate and analyze the impact between service quality and customer satisfaction.

1.5 Benefit of the Research

The writer believes that it could be able to give benefits to the society. The benefit of the research consists of theroretical benefit and practical benefit.

1.5.1 Theoretical Benefit

In regards with academic context, the completion of this research will give further understanding about the impact of service quality on customer satisfaction. Correspondingly, it can enrich the knowlege of the writer and also serves as an input for other writers who are interested in conducting similar or related research in the future.

1.5.2 Practical Benefit

In practical context (for the company), this paper provides insight of the importance of service quality dimension that will affect customers satisfaction. For other company, this research will help them to find out the service quality is good enough or not.

1.6 Systems of Writing

CHAPTER I : INTRODUCTION

This chapter focuses on introducing the background of the relation between service quality and customer satisfaction and states the scope of the research. The problems on this topic are identified along with the objectives that the writer intends to achieve. Additionally, the benefit of the research, both theoretical and practical, will also be included in this section.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS

DEVELOPMENT

This chapter comprises of relevant theories and academic literatures related to service quality dimension and customer satisfaction. In addition, the writer also mentions prior research done in this area and develops the hypothesis as well as framework of thinking for this research.

CHAPTER III : RESEARCH METHODOLOGY

This chapter entails information in regards with the research design and population as well as the sample used in the research. The data collection method will be explained in details followed by the operational variable definition and variable measurement. The last section will focus on the method used to analyze the data.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter comprises mainly of discussion regarding research object and data analysis. In addition, this chapter will cover a comprehensive discussion on the results of data quality and hypothesis testing.

CHAPTER V : CONCLUSION

The last chapter consists of conclusion and the implication of the research. Moreover, this chapter also provides recommendations related to the research problems.

