

CHAPTER I

INTRODUCTION

1.1 Background of The Study

In this globalization era, the progress of business industry is currently experiencing very rapid growth, both businesses engage in services or non-services fields. It is because the development of technology and services creates an increasingly fierce competition, both in international markets and domestic markets. Development are needed for a company in order to be able to survive and dominate the market. Companies who failed to follow the trend wil surely fail to compete with its competitor. Globalization also tests the companies' ability to survive and excel among its competitor. Because of this reason, company have to keep on following the trend and had to be able to see the business opportunity and be able to take the risk and execute them. Therefore, in such competition, companies are required to be able to satisfy their customers by creating quality product or services in accordance with the customer desires.

As the third largest city in Indonesia after Jakarta and Surabaya, many medan citizens sees opportunities in the food and beverage sector. There are many kinds of business on food sector, one of those are restaurants. Big cities become the target of business practitioners to open restaurant because the lifestyle of people who lives in big cities is much more consumptive. Restaurant can last very long if it is well- managed. The concept of the restaurant also has to keep on following the trend in order to compete with other competitors.

According to Kotler and Keller (2018), “Customer satisfaction is the level of feeling someone after comparing performance or perceived results compared to expectations.” From the above definition, it can be concluded that customer satisfaction is met when the customers feel satisfied with the service provided comparing to what they want. In other words, dissatisfaction arises if the desired results are not live up to expectations. Customer satisfaction is a very important thing, and is hard to get if the company do not really understand what is expected by its consumers.

Sudaryono (2016, p.93) the way to create service quality and customer satisfaction is as follows : listen and pay attention to customers, determine the best service, set standards and performance standards, provide protection for employees’ rights, train employees to provide special services. If the quality of service provided is poor, then customer expectation will never be achieved, and because of that, the customer will start to disappear one by one, this means the company will go bankruPT

Therefore, it is very important that the business continue to survive by providing best services so that customer satisfaction is met. According to Hasan (2016, p.98), a company that is able to provide good service to customers will create a positive image for the company. Companies that sell services means promoting their merchandises in the form of trust. Providing the best service for consumers is a measure of the achievement of a company. Factors that influence customer satisfaction includes friendly employees, knowledgeable employees, helpful employees, accuracy of billing, timeliness billing, competitive principals,

service quality, product value, clarity and quick service.

Service Quality has been believed as one of the many factors that influence customer satisfaction for a long time. Therefore, business must be able to provide and maintain satisfying services in order to attract and retain customers.

Unfortunately, not all restaurant owners pay attention to the importance of service quality as they are too focused on their own goals, which only produce short-term profits without thinking about the long-term profits. This happens in several cafes in Medan, where they received bad comments because of the poor quality of services. Customer satisfaction has become the most significant aspect in food and beverage business, because satisfied customer leads to profits of the business.

Nelayan Jala-Jala was established by Kasim Radin in early 1995. From the first opening since 1995, its popularity has been steadily rocketing until 2018. Mr. Kasim started to expand his business to several branches in Medan and Jakarta. In order to manage all of the restaurant branches, he built PT Sukses Usaha Nirwana. PT Sukses Usaha Nirwana owns all of Nelayan Jala-Jala branches in Medan and Jakarta.

After conducting observation in the company, the author realized that there are problem in the service quality area at PT Sukses Usaha Nirwana, Medan. The company is impacted and struggling because of the decreasing demand from their customers. The owner realizes that there are bad comments from the customer either in social media, or from mouth to mouth.

Table 1.1 Complaint Customers

Year	Complaints	
2016	340	1. Irresponsibility in giving a fast bill 2. Food and drinks that come quite long 3. Employee didn't give full attention to customers 4. Product is overprice 5. Long queue
2017	375	
2018	402	
2019	438	
2020 (Pandemic)	278	

Source: PT Sukses Usaha Nirwana, Medan (2020)

Table 1.2 Number of Customers

Year	Customers
2016	12568
2017	15558
2018	17350
2019	18335
2020 (Pandemic)	9596

Source: PT Sukses Usaha Nirwana, Medan (2020)

The table above is the complaints data in PT Sukses Usaha Nirwana, Medan from 2016 to 2020. PT Sukses Usaha Nirwana, Medan senses decreased in customer satisfaction due to many complaints from customers. In 2020, Pandemic strikes the whole world which leads to chaos. People are afraid to go outside and the government urges not to leave the house if it is not necessary. Because of that reason, PT Sukses Usaha Nirwana experienced a drastic decrease in the number of customers, which leads to low complaint number of the customers. The table above shows that the service quality in PT Sukses Usaha Nirwana, Medan has decreased and resulting to an increased number of complaints, and with the

increased number of complaints that means decreasing in customer satisfaction. Decreasing in customer satisfaction turns to lower number of transaction.

As stated above, the service quality of PT Sukses Usaha Nirwana, Medan is still not optimal and satisfying customers due to lack of attention to the customers, food waiting times are quite long, and also unresponsiveness in serving. This reflects to the low quality of service resulting in decreased customer satisfaction.

Based on the explanation above, the author intended to conduct a research study with the title **“The Influence of Service Quality towards Customer Satisfaction at PT Sukses Usaha Nirwana, Medan”**.

1.2 Problem Limitation

Due to the limitation of time, budget, knowledge and resources the author has, this research study will only limit and explain more about “Service Quality” effect towards “Customer Satisfaction” at PT Sukses Usaha Nirwana, Medan. Also, the research object is only limited to the Mie Jaring, Sun Plaza Outlet. The scope of research study is limited to service quality as independent variable (X) and customer satisfaction as dependent variable (Y).

1.3 Problem Formulation

Based on the background of study explained above, the author can formulate some research questions as follow:

1. How is the service quality at PT Sukses Usaha Nirwana, Medan?
2. How does the customer satisfaction rate at PT Sukses Usaha Nirwana, Medan?
3. What is the influence of job service quality towards customer satisfaction at PT Sukses Usaha Nirwana, Medan?

1.4 Objective of the Research

The purpose of this research study can be explained as follows:

1. To know and analyze service quality at PT Sukses usaha Nirwana, Medan
2. To know and analyze the customer satisfaction rate at PT Sukses Usaha Nirwana, Medan
3. To discover if service quality have an effect towards customer satisfaction at PT Sukses Usaha Nirwana, Medan

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

From this research study, the author can gain a deeper understanding about this topic and the research study can be useful for another researchers in understanding the influence of service quality towards customer satisfaction. Furthermore, the author also expects this research study can be used by another parties who are facing the same problematic topic in theoretical way.

1.5.2 Practical Benefit

The practical benefits of this research study can be explained as follows:

1. For the company, this research study is expected to be capable in helping PT Sukses Usaha Nirwana, Medan to increase their customer satisfaction
2. For the author, the research study can be used to improve the author's understanding and knowledge about service quality and customer satisfaction
3. For other researchers, The author also expects that this research study can help and contribute to other parties that encounter the same problematic topic. This research study is intended to help researchers in future research about these particular topic.

