

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

In today's times, the restaurant and cafe business is a promising business. This can be seen from the development of cafes and restaurants that are increasingly diverse with various concepts at this time. With a variety of choices, consumers will increasingly have more choices in determining whether to choose a restaurant or café. The interaction between employees and consumers in providing services will play an important role in getting loyal customers.

Every café and restaurant competes with each other to keep customers loyal and not move to other competitors. In the restaurant business, the services provided play an important role because the interaction of the services provided is one of the assessments of visiting consumers. Service evaluation is always the main thing that is evaluated by consumers in choosing restaurants and cafes to visit.

In applying the concept of good hospitality, service is the main thing in running a business in the café and restaurant sector. Apart from the problem of food taste, the design conditions of the café, service is always a very important thing in shaping the comfort of visiting guests. The comfort assessment will be the main focus in shaping customer loyalty. This good service as a way of building a business is one of the main keys to success and being able to maintain competition in the long term.

The success of the café and restaurant business is largely determined by the advantages that differentiate it from other competitors. The advantages that are quite difficult to maintain are regarding the service performance of the employees. As one of the businesses in the service sector, the role of employees has an impact on the comfort assessment provided by consumers who visit restaurants. The success of business development will be determined by employees in providing quality service performance.

Employee performance in the café and restaurant business plays an important role because through employees, the relationship to find out what consumers want will be determined. With the ability to understand the desires of customers, it will make the services provided meet consumer expectations. The availability of various adequate facilities supported by good services will form a positive perception from consumers.

According to Syukri and Heryanto (2019), performance is an illustration of work performance and or the achievement of programmed activities. performance is an achievement or work result that is donated by a person or group in supporting the achievement of the goals of an organization

With the support of good employee performance, it will also form long-term relationships with consumers. This will form consumer loyalty to come back to the restaurant because they can get what they have well fulfilled. In addition, consumers who are loyal will also tend to recommend positive things to others, and this has a good impact on business development and growth in the number of consumers.

Laurence Coffee is a café located on Jalan Petula No.2 Petisah Tengah. As one of the favorite cafes in Medan, Laurence Coffee provides a variety of menu choices that are very popular with consumers, such as Indonesian menus and western menus. With a unique and instagrammable interior design, Laurence is one of the café choices that is very popular with young people. Consumer loyalty will be formed if they get the service as expected.

In the results of interviews conducted by the writer to Laurence Coffee's employees and customers, the authors get the results that customers still often complain when employees provide services. Employee performance that is not in accordance with customer expectations causes a decrease in customer loyalty who visits because of the lack of customer comfort for employees who provide services that are not in accordance with performance that should be better. At Laurence Coffee, the service provided is still not optimal as seen from the complaints experienced by the cafe in the last 4 years.

**Table 1.1**  
**Complaint data of Laurence Coffee**

Year	Amount of Complaints
2016	26
2017	25
2018	32
2019	29
2020	18

Source: Laurence Coffee, 2016-2020

From the customer complaint data, it can be seen that the complaints went up and down and in 2016 the number of complaints reached 26 complaints then decreased to 25 complaints in 2017. Then it went back up to 32 complaints in 2018 and 29 complaints in 2019. Whereas in 2020, although it experienced a

decline due to business closures in March and April as a result of Covid19, complaints were also recorded.

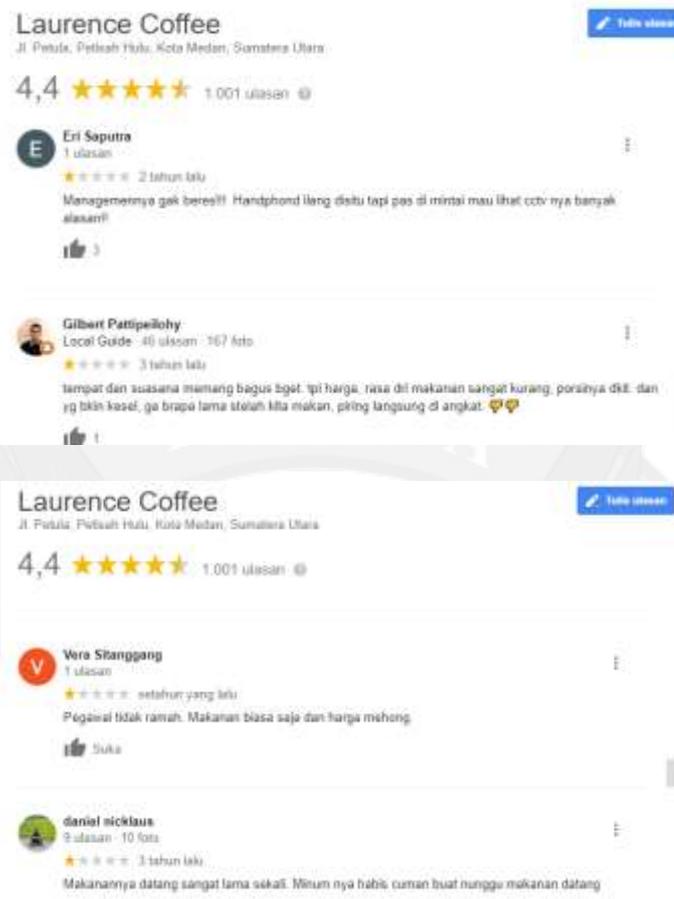
In employee performance, the writer conducted interviews with customers regarding various matters related to the things that caused them to state that they would not visit again in the future because they considered the services provided did not give them a good impression. The following problems were obtained from the results of interviews with customers.

**Table 1.2**  
**Problems about Employee Performance**

Problems
1. Seasoning of food that is not in accordance with the taste of consumers
2. Errors in making the order menu when it is crowded
3. There is an order menu that is mixed with other menus
4. The waiter picked up the eating and drinking utensils prematurely.
5. Employees who do not understand how to explain the menu asked by customers
6. Inconsistent food portions
7. Food delivery errors
8. Waiting time for menu orders is quite long when the restaurant is busy

Source: Laurence Coffee, 2016-2020

The problems complained about were food seasoning, order menu that is mixed with other menus, waiter picked up the eating and drinking utensils prematurely, mistakes in making and delivering menu orders, long waiting times and consistency of food portions. This shows that the cafe has not done improve service well so that complaints received again increase and this will cause a decrease in the loyalty of consumers who will consider visiting again if they experience similar complaints. Some complaints from reviews can also be seen from the following data.



**Figure 1.1 Google reviews of Laurence Coffee**

Source: Google review

The main problems discussed by the writer at this time regarding the complaints submitted are still quite frequent and this shows that employee performance is still not optimal at work. Employee performance that is still not good will cause complaints and have an impact on the loyalty of consumers who visit Laurence Coffee. Recommendation that can be given to Laurence Coffee is to provide training to employees so that they have good performance in accordance with the expectations of Laurence Coffee.

Based on the described, the researcher decided to do research with the title **"The Influence of Employee Performance towards Customer Loyalty at Laurence Coffee Medan"**

## **1.2 Problem Limitation**

With the limited knowledge and ability possessed by researchers in conducting research, the writer focuses on employee performance as independent variables with the indicator for variable customer loyalty.

Employee performance as the independent variable will take the indicator from Vipraprastha et al (2018), which is about: job performance, responsibility, timeliness, the level of work errors, working speed.

Customer loyalty as the dependent variable will take the indicator from Nursiti and Fedrick et al (2018), which is about: satisfaction, emotional bonding, trust, choice reduction and habit, history with the company.

## **1.3 Problem Formulation**

Based on the problem identification, the writer formulates problems in this study include is:

- a. How is the employee performance at Laurence Coffee Medan?
- b. How is the customer loyalty at Laurence Coffee Medan?
- c. Does employee performance have influence towards customer loyalty at Laurence Coffee Medan?

#### **1.4 Objective of Research**

The objective of the research is created to answer the question formulated above, and the objectives of research should be:

1. To explain about the employee performance at Laurence Coffee Medan.
2. To explain about the customer loyalty at Laurence Coffee Medan.
3. To analyze whether employee performance effect towards customer loyalty at Laurence Coffee Medan.

#### **1.5 Benefit of The Research**

The benefits from conducting this research are as follows:

##### **1.5.1 Theoretical Benefit**

1. This study can help in the academic. Expected academic benefits would be the result of this research can be used as a reference for the next studies regarding the importance of employee performance towards customer loyalty at Laurence Coffee Medan.
2. To know more information about employee performance and customer loyalty.

##### **1.5.2 Practical Benefit**

1. For writer

This research can provide an overview and knowledge about management, especially about the influence of employee performance towards customer loyalty in a cafe.

2. For Laurence Coffee Medan

This research is expected to be used as a suggestion to give more attention about the factors of employee performance in order to increase customer loyalty.

3. For future researcher

The results of this research are expected to be used as a source of references for those who concern about conducting related research in the future.

