

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, it is deniable that as time goes by especially by how the advanced technology keeps on improving gradually, and by using this resource people are able to gain some information and could follow the trends that are ongoing (Ramadhani, 2020). In the industry of hospitality, numerous of food and beverage business can be found in Indonesia, no exception in a such small city in North Sumatera, Tanjung Balai as well included as one small city that is taking part in following the trend in this industry. In Tanjung Balai, we are able to encounter a number of cafes competing with different kinds of concept each year. However, unfortunately there are some café business that have to back away due to failure in keeping up with the competition. Therefore, for those who own the café business have to come up with effective strategies in order to survive in this competition. Hence, It is about how business owners strive to compete with their competitors by improving their strategies, for example by getting know more about their customers' preferences and fit into the market, improving their service quality, etc.

According to Ahmed (2020), Customers are the most important part of a business, it is included as one of the factors that is believed can help businesses to grow. Where one of the main purposes for any company in this industry is to serve their customers. They will look at the overall of the café's performance either

service or product presentation. Cafes that are not approaching the customers' preference or expectation will be less liked by the customers and cause the café will likely not able to survive in this industry's competition.

Customer satisfaction is included as one of the most desired goals for any company to achieve in this industry. According to Qayum (2021), by measuring customer satisfaction, it can show how our business are going on, whether we are running it in a right way or vice versa.

In order to gain customer satisfaction, it is necessary to have a service provider, which one of the service characteristics is inseparable (service cannot be separated from the providers.) according to Rahman (2017). How the service provider perform is crucial, if they can present well and manage to reach the customers' expectation, it will surely make the company has a higher chance to gain customer satisfaction.

Mostly all companies strive to provide a good service quality to maintain customers and turn them into loyal customers. Another aim beside to retain customers is to gain customer satisfaction and increase the profits of the company.

According to Aftab, Sarwar, Sultan and Qadeer (2016:161), they concluded that service quality influences positively customer satisfaction.

According to Afthanorhan, Awang, Rashid, Foziah, and Ghazali (2019:13), they concluded that service quality has a significant impact on customer satisfaction.

In this research, customers are very vital. Because how the service quality of Aero Cafe Tanjung Balai will be judged by the customers. Hence, this research will be helpful for Aero Cafe Tanjung Balai to gain some information and re-evaluate the service quality.

According to Ramya, Kowsalya, and Dharanipriya (2019:38), service quality is an important element for the success of a business, because it has a positive link with profits, increased market share, and customer satisfaction. There are five dimensions of service quality, which are:

1. Assurance
2. Reliability
3. Empathy
4. Tangibility
5. Responsiveness

Aero Cafe Tanjung Balai is the first hotel café in Tanjung Balai and located in the heart of Tanjung Balai city. They serve both Asian and Western cuisine. It is rare to find a café that serves Western cuisine in Tanjung Balai which makes Aero Cafe is a special place to have a meal in Tanjung Balai for all ages.

Writer has done 7 times of observation in Aero Cafe Tanjung Balai, and receive the customers' verdict about Aero Cafe Tanjung Balai regarding the service quality, and therefore, writer made a list of complaints in a table form.

In the following table below (Table 1.1), are the list of complaints that have been collected by interviewing the customers of Aero Cafe Tanjung Balai.

No	List of Complaints
1	No greetings from staff
2	No engagement
3	Staff only wait at the counter when customer enter the area
4	Slow product delivery
5	Staff's time efficiency lacking in service, handle problems
6	Staff cannot handle customer's request well

Table 1.1 List of Complaints
Source: prepared by Writer (2021)

In the following table below (Table 1.2), based from the data of number of transactions at Aero Cafe Tanjung Balai, we can see sometimes Aero Cafe Tanjung Balai has a decrease in the transaction.

No	Month	Number of Transactions
1	Jul-20	480
2	Aug-20	636
3	Sep-20	520
4	Oct-20	670
5	Nov-20	662
6	Dec-20	747
7	Jan-21	353

Table 1.2 Number of Transactions
Source by Aero Cafe Tanjung Balai (2021)

Therefore, with the research problem stated above, the writer decided to do the research with the title “The Influence of Service Quality on Customer Satisfaction at Aero Cafe Tanjung Balai”

1.2 Problem Limitation

Based on the background of the study and due to the limited sources, time, and knowledge, the writer will use Aero Cafe Tanjung Balai as the object of this research and survey the customers of Aero Cafe Tanjung Balai.

By having service quality as the independent variable, according to Ramya, Kowsalya, and Dharanipriya (2019:40), SERVQUAL Model is able to be used to measure the service quality which features 5 dimensions:

1. Assurance
2. Reliability
3. Empathy
4. Tangibility
5. Responsiveness

For customer satisfaction as the dependent variable of this research, according to Supriadi and Astuti (2017:39), the customer satisfaction can be measured by:

1. Willing to recommend to others
2. Intention want to return
3. No complaints

1.3 Problem Formulation

Based on the problems that are written above in the background of the study, below are the problem formulation listed:

1. How does service quality have influence at Aero Cafe Tanjung Balai?
2. How does customer satisfaction have influence at Aero Cafe Tanjung Balai?
3. Does service quality influence customer satisfaction at Aero Cafe Tanjung Balai?

1.4 Objective of the research

Based on the problem formulations that are listed above, the objective of this research is to discover the influence of service quality on customer satisfaction at Aero Cafe Tanjung Balai. Moreover, to answer the problem formulations of this research, which are:

1. To examine how does service quality have influence at Aero Cafe Tanjung Balai
2. To examine how does customer satisfaction have influence at Aero Cafe Tanjung Balai
3. To examine does service quality influence on customer satisfaction at Aero Cafe Tanjung Balai.

1.5 Benefits of Research

1.5.1 Theoretical Benefit

The theoretical benefits of this research are:

- a. The writer and readers

This research will develop a knowledge to the writer and readers of does service quality could influence Aero Cafe's customer satisfaction theoretically.

- b. Aero Cafe and other similar companies

This research will help Aero Cafe and for those who are having interest or going to do similar business with the object research in this research to develop

a better understanding of general information about service quality and customer satisfaction.

c. Future researchers

This research can be used for future researchers as a reference for future research.

1.5.2 Practical Benefit

The practical benefits of this research are:

a. Aero Cafe and other similar companies

By doing this research, it can help Aero Cafe and other similar companies to re-evaluate their service quality. Therefore, they will be able to do some improvements to provide the best quality of service to gain customer satisfaction. This research will also help Aero Cafe and people who are doing or going to do the same business to implement strategies to attract potential customers and retain current customers.

b. Future researchers

This research will help future researchers to gain some information about the area of study of this research and implement it to their research.