

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In recent years, Indonesia is experiencing an increase in culinary services. Economic business in the culinary field is a pretty good prospect, the condition of Indonesia at this time is still in crisis. Culinary services are offered ranging from small traders, for example street vendors to the side of the road to luxury restaurants that serve a variety of mainstay menu. Restaurants are one of the service-oriented industries because, in addition to selling food, customers demand outstanding service. Because of the high quality of their services, employees play a significance role in this industry. has an influence on the consumer satisfaction.

The ability of goods and services to satisfy both evident and hidden client wants is demonstrated by their service quality. For companies that engage in services sector, the quality of service delivery is an important thing that must be mastered if the companies want to succeed. Quality has a close relationship with customer's loyalty. A business, which has an excellent and professional quality of service, will be able to provide satisfaction for customer and gain loyalty from them. Quality gives a boost to customers to establish strong ties with service institutions. In a long period of time, a bond like this allows a service institution to understand customer expectations and their needs. Quality service can be identified through customer's loyalty, especially customers (Srinadi and Nilakusmawati, 2018)

One restaurant that is currently experiencing fluctuations in visits is Shao Kao Restaurant. At present the development of science and technology is more

advanced. The need for faster information likewise, the competition of internet service provider companies in the development of technology and information is increasing rapidly. This encourages the development of a more stringent business world, so that demands a better marketing system in every company engaged in the industry and services. In order to meet the objectives, each company must attempt to manufacture and deliver goods or services that customers want by giving them a queue number or allowing them to order ahead of time by phone or the internet.

Service providers are required to be able to provide services, customer satisfaction, and the best facilities for consumers in all respects. Providing superior customer satisfaction is a very important strategy because it can produce more new customers.

Customer satisfaction is a fundamental value component that drives every company to succeed. Companies that wish to expand and acquire a strategic advantage must be able to provide a good quality services, good customer satisfaction to customers, and adequate facilities. To meet customer satisfaction in the service industry, service quality, customer satisfaction quality, and important facilities are well managed by the company. Customer satisfaction refers to the attitude of receiving the final process after receiving something that meets expectations. The goal of a business is to make consumers happy, because keeping customer satisfaction is essential to increasing corporate income.

Good quality service in a company will be able to provide satisfaction to customers. The discrepancy between customer expectation and the service given by the organization is referred to as service quality. Service quality as a consumer attitude related to the results of the comparison between the expectations of services

with their perceptions of actual performance. Service quality is all activities aimed at meeting the needs and desires of customers to match their expectations.

Customer satisfaction is an important aspect of marketing and has a significant impact on the market. Customer satisfaction is based on a number of factors, including the quality of service provided as a result of word-of-mouth activity like complaints, suggestions, exchanges, or transfers. To obtain customer satisfaction, organizations must understand behavior and fulfill customer needs through customer-oriented marketing techniques. Quality of service is an effort to make consumers feel more comfortable and as if they are receiving more value than they expected. Customer expectations an important factor, service quality that is closer to customer satisfaction will give more hope and vice versa.

It is very important that the business continues to survive and advance, by providing the best service so that customer satisfaction is met. The current tight competition makes the company must be able to survive and always try to provide satisfying services in order to attract attention and retain customers.

The development of an increasingly advanced era has an impact on business, especially in the culinary field. So that makes the restaurant business has good prospects in urban areas, especially in the city of Medan. Companies must know as well anticipate clearly what is consumers need and want, so companies can implement that strategy right to handle customer complaints, improve better service, and can compete in market segmentation existing, so that the company's goals are achieved and can develop in the future.

Observing through this , the writer learns that service quality has always been one of the most fundamental factor to measure customer satisfaction. As

employees has a major role in ensuring that customer needs are met especially one who communicate and serve the customer's directly. This research is focus on food and beverages industry of how the restaurant services linked with customer's satisfaction in Shao Kao Medan that has been operated more than 3 years. How the restaurants keep maintaining it until today sparks the interests to get to know the restaurant better. Physical evidence, reliability, responsiveness, assurance and empathy have a positive and significant effect on customer satisfaction of the Baruna Sanur restaurant (Utami and Jatra, 2015: p.1996)

Shao Kao itself is located in the Komplek Cemara Asri. As the name implies, of course they specialize in Shao Kao which means Chinese style satay, with a wide selection from vegetables to meat. The cafe itself adapt a cozy concept and the restaurant also provide indoor and outdoor so that customers can feel comfortable.

The reason why the writer is interested in doing the research at Shao Kao Medan as the main object of research is because the writer would like to understand more the influence and the importance of service quality towards customer satisfaction in food and beverage business. It was also strengthened by the fact that some local people in Medan said that the restaurant will be close soon enough and yet it still stands until today. This restaurant was very crowded when it firstly opened. But as time goes by , there is a decrease in the visit of guests who come to the restaurant is caused by various complaints submitted by visitors. Dominant complaints are delivered such as food serving that is too long as the crisis problem and making customers wait, employees are less responsive to customer requests, as

well as restaurant operating hours that are not in accordance with available information.

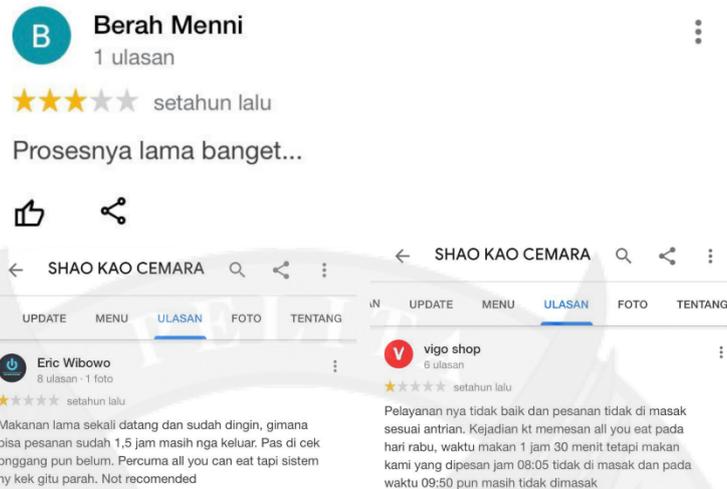


Figure 1.1 Customers' Feedback
Source: Prepared by the writer, 2021

The attitude towards complaining is the overall effect on the grievance behavior caused by dissatisfaction in service that was given. This makes it a challenge for business management managers, especially in the culinary field to pay more attention to service quality so that customer satisfaction can be met.

Through the analysis of this case, the overall service quality towards customer satisfaction in Shao Kao Medan will be evaluate and to provide some insights and conclude it with the result and proposing improvement in customers satisfaction management of the restaurant.

Based on description above writer is interested to choose and study problem of service quality in this study entitled **“The Influence of Service Quality Towards Customer Satisfaction at Shao Kao Medan”**.

1.2 PROBLEM LIMITATION

This study was conducted to examine the effect of employee service quality (as independent variable) to customer satisfaction (as dependent variable) at Shao Kao Medan. Therefore, the writer decided to limit the problem on Shao Kao Medan has not gone well with the service quality and received many complaints from customers such as food serving that is too long.

According to Tjiptono (2014, p.95) The indicators for Service quality involve reliability, responsiveness, assurance, empathy, physical evidence (tangibles). According to Hasan (2016, p.68) The Indicators of customer satisfaction involve overall customer satisfaction, dimensions of customer satisfaction, confirmation of expectations, interest in repurchasing, willingness to recommend.

1.3 PROBLEM FORMULATION

Based on the definition above, below are some of issue that occur in the company which writer needs to analyze:

1. How is the condition of service quality in Shao Kao Medan?
2. How will customers feel satisfied at Shao Kao Medan?
3. Does service quality have influence towards customer satisfaction at Shao Kao Medan?

1.4 OBJECTIVE OF THE RESEARCH

The study will achieve the following objectives:

1. To test and examine the effect of service quality by Shao Kao Restaurant towards the customer satisfaction.

2. To examine the future's recommendation for the management at Shao Kao Restaurant.

1.5 BENEFIT OF THE RESEARCH

The benefits of this study are divided into two, namely theoretical and benefits practically.

1.5.1 THEORETICAL BENEFIT

1. The research briefed how service quality affects customer satisfaction.
2. Can be used by other researcher for a future research.
3. The study helped the researcher to fulfill one of the requirements for the award of a Bachelor Degree in Hospitality Management.

1.5.2 PRACTICAL BENEFIT

1. Benefit for the restaurant:
 - a. To find out and improve the performance of service quality at Shao Kao Medan.
 - b. To help increase customer satisfaction with the services provided by the employees at Shao Kao Medan.
2. Benefit for the researcher is to give an additional knowledge and the insights of how Shao Kao Medan works to keep the customer satisfaction and performance of quality services in the restaurant.