

CHAPTER I

INTRODUCTION

1.1 Background of Study

Nowadays, there are lots of new restaurants, steakhouses, cafes, and many more which are growing significantly in number due to the creativity and innovation of people. In responses to the great interest of people in exploring new tastes and variety of food and beverages, food and beverage industry appear to be challenging for business owner to maintain its existence in the market. Lots of restaurant business impacted from the COVID-19 situation (Sumarni, 2020). The prolonged condition of COVID-19 Pandemic caused hospitality and restaurant industry bankrupt (DP, Y.A, 2021). This condition varies from time to time which affects the economic in every industry sector. A decrease in turnover is followed by limitation of dine in experience and customers purchase is decrease as well. Besides that, the price of ingredients is increasing which really challenging and affecting the culinary business during COVID-19 (Herdian L, 2020).

Moreover, in (Biro Pers, 2021), it is stated that due to the fluctuation in number of COVID-19 cases in Indonesia, the President of Indonesia, Mr. Joko Widodo decided to enforce *PPKM Darurat* which started from June 22nd – July 5th, 2021. *Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM) Darurat* is a governmental policy which is limiting the activities of the citizens in preventing the spread of COVID-19. *PPKM Darurat* is made to lower the COVID-19 cases in

Indonesia especially in Java and Bali by restricting public activities more strictly. PPKM Darurat is focused on Java and Bali, however there is no exception to Sumatra, and other Provinces in Indonesia. In Medan, North Sumatra, the Governor, Mr. Edy Rahmayadi, also enforces this PPKM Darurat to be held in Medan as to reduce the COVID-19 cases.

Since *PPKM Darurat* is held by the local government, many industries are struggling to survive. Food and beverages sector is also affected by this policy. However, lots of restaurants can still manage to survive as food is essential for everyone. For a customer to be loyal, the factors in determining customer satisfaction is crucial to pinpoint as well. Customer satisfaction is a condition felt by someone from the result of comparing the appearance or the outcome of the product that is felt in relation to the expectations of people (Cucu Sumartini & Fajriany Ardining Tias, 2019). There are many factors influencing customer satisfaction including several that are being used to be studied in this research such as price, product quality, hygiene and service quality at Cow&co Steakhouse.

As for steakhouse, there are some places which offer a high and expensive price, while some are in low and affordable price. As for customers, price is a consideration to make a purchase decision because it could affect the customers' perspective to the product (Situmeang, 2017). Price is the total value which is offer to customers to earn profit from receiving or using a product or services (Garoda, 2021). The quality of a product is one of the factors determining customer

satisfaction. With a good quality of product, the desire and needs of customer will be fulfilled (Sinaga et al., 2020).

Product quality is something that is produced and given a high-quality value to fulfill the customers' needs (Ramadhan Harahap, SE., 2017). As the product in a restaurant or steakhouse is food which is the main sources of nutrition which people consume in their daily lives. It is important as it provides nutrients such as carbohydrates, vitamins, fats, protein, etc., which are essential for our physical and mental growth. The food consumed is important for health, especially in this pandemic. The more healthy and safe food people eat, the better health people will have (Fung et al., 2018).

Next is the hygiene which is crucial especially during the COVID-19 pandemic. Although there is no study or evidence which stated that COVID-19 can be spread or transmitted through food, it can still spread through nose, mouth, and eyes by touching food package or surface which contaminated by COVID-19 (World Health Organization, 2020). Therefore, it is important to remain good hygiene while handling and preparing the food to prevent any food-borne disease.

Customers' satisfaction can be influenced by many factors including the service quality (Pereira et al., 2016). Service quality of the restaurant is important as well for a restaurant to keep running. It is crucial to find out and research the market needs and desires to improve the service quality of a restaurant (Fajri Hasibuan, 2020). The competition in food and beverages services is getting

competitive and tight. Therefore, business owners must pay extra attention to meet the needs and expectations of the customers.

Customer satisfaction occurs when a product's or service's performance meets or even exceeds the customer's expectations. Meanwhile, customer dissatisfaction arises when a product or service fails to meet or falls short of the client's expectations (Stefen & Efendi, 2019). When customers are satisfied and happy, they are likely to be a loyal customer which means that the restaurant will not lose this one customer and they will give a good and positive contributions towards the restaurant as those customers are giving a positive word of mouth. When customer is satisfied with the service or quality of a restaurant, they are more likely to have their expectation increased. By this means that the restaurant must pay more attention and effort towards these customers to keep them loyal.

This research is conducted to study about the influence of independent variables which are price, product quality, hygiene, and service quality at Cow&co Steakhouse towards the customer satisfaction.

In Cow&co Steakhouse, the price is considered as high price or expensive. The product provided has a low variation in the menu and need to add more innovation in the non-beef menu. The hygiene occurs in Cow&co Steakhouse is expected to be in a good and accordance to health protocol for COVID-19 situation. The service quality is an important aspect in a food and beverages industry. Therefore, Cow&co Steakhouse is expected to give the best service in serving the customers' needs and expectations. As Cow&co Steakhouse is newly established in April 10th, 2021, The Customer Satisfaction at Cow&co

Steakhouse is crucial as new business might occur small mistakes in the early time of operation.

For this study, Cow&co Steakhouse is taken as the subject. It is a newly opened steakhouse which is located at Yafurni Building Jl. Iskandar Muda No.7 (Unit 6-8) Medan, North Sumatra. It serves beef, chicken, fish, salad, burger, and side dish selection for every steak ordered. Cow&co is a steakhouse based in Medan with the concept of proper and authentic way in serving, recipe, interior. It was due to the steakhouse in Medan which is directed to fusion steak which is not showing the highlight of the meat quality with a simple touch of salt and pepper. In such a competitive business sector, it is crucial as to understand the determinants of the customers satisfaction of Cow&co Steakhouse.

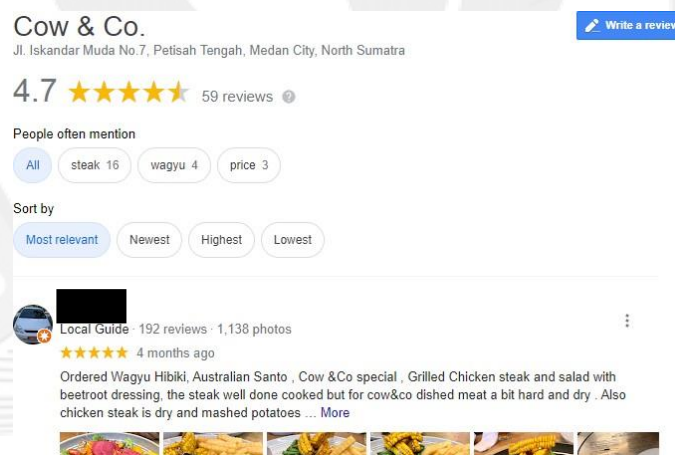


Figure 1.1 Cow&co Steakhouse Google Review
 Source: Google (2021)

According to Google Review as of 22/10/2021, the rating of Cow&co steakhouse is 4.7/5 which is given by a total of 59 respondents. Most of the reviews are 5 stars. However, some of the ratings are in three to four stars which are due to the small portion of food, and the price.

1.2 Problem Limitation

To be more specified on this research and the limited sources, the writer determines the theoretical framework of this research in which Price (X1), Product (X2), Hygiene (X3), and Service Quality (X4) as Independent Variable along with Customer Satisfaction as Dependent Variable. For the location in Medan, North Sumatera and the object of research is at Cow&co Steakhouse.

1.3 Problem Formulation

Based on the background of study stated above, the problem formulations that is found by the writer are listed as follows:

1. Does the price have an influence towards customer satisfaction at Cow&co Steakhouse?
2. Does the product have an influence towards customer satisfaction at Cow&co Steakhouse?
3. Does the hygiene have an influence towards customer satisfaction at Cow&co Steakhouse is good?
4. Does the service quality have an influence towards customer satisfaction at Cow&co Steakhouse?
5. Do the price, product quality, hygiene, and service quality at Cow&co Steakhouse have an impact towards customer satisfaction at Cow&co Steakhouse?

1.4 Objective of the Research

The purposes of this research are as follows:

1. To identify whether price has an influence towards customer satisfaction at Cow&coSteakhouse.
2. To find out if product has an influence towards customer satisfaction at Cow&co Steakhouse.
3. To identify hygiene has an influence towards customer satisfaction at Cow&co Steakhouse.
4. To determine whether service quality has an influence towards customer satisfaction at Cow&co Steakhouse.
5. To provide a solution related to price, product, hygiene, and service quality of Cow&co Steakhouse.

1.5 Benefit of the Research

Below are the benefits of this research paper, as follows:

1. Theoretical Benefit

The completion of this research is intended to give insights and understanding about the impact of price, product, hygiene, and service quality towards customer satisfaction at Cow&co Steakhouse. It is also important for the readers to know how price, product, hygiene, and service quality could improve the satisfaction level of customers dining at Cow&co Steakhouse. Thus, this research is expected to give readers knowledge related to the topic conducted.

2. Practical Benefit

This research is expected to give insights and additional references in understanding the impact of price, product, hygiene, and service quality towards customer satisfaction at Cow&co Steakhouse which is the aspects of an excellent quality place to dine in.

This research is also expected to be references for Cow&co Steakhouse to improve and maintain their price, product, hygiene, and service quality for further improvement to increase the customers satisfaction.

