CHAPTER I

INTRODUCTION

1.1   Background of the Study

In today's era, many people are competing to open new businesses, ranging from opening a technology company to opening a restaurant business. Therefore, the competition is getting tougher because new businesses keep popping up. If the company wants to survive in the market and continue to win the competition, the company is required to have the ability to adapt to constantly changing and keep evolving all the time. Entrepreneurs are required to be sensitive to any changes that occur, they must be able to respond to every change in customer demand. From now on, they should consider customer satisfaction as their main goal (Mihajlovic, 2017)

According to, In a restaurant company, the factors that most influence the restaurant image are good service, food quality, food safety, and physical environment. The experience that customers can discover after visiting a restaurant is how the restaurant offers the unique food that they provide and the staff who give the service, also the atmosphere at the restaurant. Customers who have visited the restaurant will evaluate whether the restaurant has met their satisfaction standards. If the customers are feeling happy, they will give good feedback to the restaurant. That is how customer satisfaction will impact the customer image.

Customer satisfaction is the most important thing to consider because it can affect the image of the restaurant (Sekarsari, 2018). A restaurant with bad service

and poor quality of food products will give a bad image to them, and the customer would not feel satisfied. They would not come back to that restaurant again. If the restaurant provides a good service and good food quality, the customer will feel satisfied and recommend it to others and that's how the restaurant will run well and become a successful restaurant.

When customers are satisfied, they will give positive feedback to the restaurant. According to Purwaningdyah (2019), many people have considered seeking information related to goods and services through other customers who have visited the place by using the internet, especially social media which can be easily accessed widely. For example, Google reviews. Many companies that provide goods or services got benefit from this google review and it is lower in cost. This Google review is called Electronic Words of mouth (e-WOM). Electronic Words of mouth (e-WOM) are information and opinions of a customer that can be positive or negative about a product or service to a company they have visited (Purwaningdyah, 2019; Widjaja, 2016). Therefore, it is important to carry out research to determine the ratings given by customers to the company and their competitors.

People who live in big cities like Jakarta, Surabaya, or Medan prefer to eat in restaurants or cafes or just order food online or join a catering service because they do not have time to cook at home (Aqsha *et al.*, 2019). They prefer to be served and enjoy good food that has been cooked for them. Most of the people in this area come from the upper-middle class.

According to Nooh (2019), currently, the culinary business is growing rapidly, this is because more and more people love the culinary world. It cannot be denied that it is food that keeps us alive today. If there was no food, then everyone in this world would go extinct because of hunger. Culinary is about cooking and food. There are many different types of restaurants here, each with its specialty so that they can produce a wide variety of food. There are ethnic restaurants, luxury restaurants, casual-dining restaurants, fast-food restaurants, and others. These various kinds of restaurants can be used as an attraction to research the culinary business. This research will be the focus on one type of culinary business which is Ethnic restaurants. There are so many kinds of ethnic restaurants in Medan which are Japan Restaurant, Korea Restaurant, Italia Restaurant, and many more. Japanese restaurant is known for their Sushi while Korean restaurant is known for their grilled meat.

Japanese and Indonesia have a long story, even the Japanese lifestyle has become a part of Indonesia, especially their culinary. Many Indonesian people choose Japanese culinary as their favourite food because of its deliciousness and healthy. Some people like Japanese cuisine even though they are not Japanese culture lovers. Many Indonesian people are already familiar with Japanese food such as Sushi, Ramen, Sashimi, tempura, and others.

There are several Japanese restaurants in Medan which quite well known among the public namely Izumiya restaurant, Sushi Tei, SUPA sushi, Hakata Ikkousha, Marugame Udon, Marutama Ramen, Gokana Ramen, Renjiro Fusion, and many more. One of the Japanese Restaurants, which is Izumiya restaurant, is

known for its variety of Japanese food, from raw to cooked food. Many people are enjoying eating Japanese food at this restaurant.

Izumiya Restaurant is a unique restaurant that is different from other Japanese restaurants. The restaurant opened in 2020, on 18 March. This restaurant is a combination of Japanese and Western which is the new modern restaurant nowadays. This restaurant is known to make all its dishes with western culinary techniques. All the food is being made by Chef Mori who is known to have been in the culinary world for more than 2 decades and worked for well-known sushi companies in Singapore, Egypt, Vietnam, and Jakarta. Izumiya restaurant is located at Jl. Cut Mutia No.26, Madras Hulu, Kec. Medan Polonia, Kota Medan, Sumatera Utara, is a family business under PT. Mutia Culinary Concept.

Table 1. 1 Customer Review

Customer name	Years	Rating	Customer review
Andre Fredo	2021	3	Poor service, the quality of food still standard
Sartono Wijaya	2021	4	The quality of food is still standard and quite pricey
Willze Fortner	2021	4	Poor service

Source: Data Processed by the writer (2021)

The data above is data of customer satisfaction taken from Google review. The data show that the customers get a less interesting experience after visiting the restaurant, they are not satisfied with what the restaurant has provided to them. As seen in Table 1.1, most of the customers did not satisfy with the service and food quality. The customer stated that the service is still poor like the staff did not respond to complaints quickly, not helpful, cannot give good advice, not responsible, lack of empathy for the customer, etc.

While for food quality the customer stated that the quality of the food is still standard and did not meet the customer expectation like the portion of the food is not as expected with the price that has been set, the food served is not fresh or new, the food is overcooked, the food is tasteless, etc. From this customer review, the restaurant should be considering what the customer expected for their restaurant, this will help gain customer satisfaction. If the quality of service and food is good and already meet the customer's expectations, they will become a loyal customer and they might spread positive feedback of the restaurant toward other people and Google review.

As stated above, the writer wants to uncover in terms of the correlation between service quality, food quality, and customer satisfaction. The writer will write the research in the form paper entitled "THE INFLUENCE OF SERVICE QUALITY AND FOOD QUALITY TOWARDS CUSTOMER SATISFACTION AT IZUMIYA RESTAURANT MEDAN". This research is hoped to bring out a useful benefit for the restaurant to enhance their quality of service and food to get customer satisfaction.

1.2 Problem Limitation

Due to the resource constraints of this study, the writer decided to limit the problem and focus the research on the influence of service quality and food quality on customer satisfaction. Furthermore, the writer will also limit the research object where the research will only take place at Izumiya Restaurant Medan.

1.3   Problem Formulation

Derived from the background study above, the writer can take problem formulation as follow:

1. Does service quality has partially influenced customer satisfaction?

2. Does food quality has partially influenced customer satisfaction?

3. Do service quality and food quality have simultaneously influenced customer satisfaction?

1.4   Objective of Research

The purpose of this study is:

1. To find out if service quality has partially influenced customer satisfaction.

2. To find out if food quality has partially influenced customer satisfaction.

3. To know if service quality and food quality have simultaneously influenced customers satisfaction.

1.5   Benefit of the Research.

This research will be categorized into two benefits, which are:

1.5.1   Theoretical Benefit

The output of this research is intended to provide understanding better of the correlation between service quality, food quality, and customer satisfaction. The

writer wishes that this research can be a piece of useful knowledge for future research if the reader wants to make a similar topic.

1.5.2   Practical Benefit

1. For future Research

   The output of this research is expected to give additional references for future research. And can add insight and additional information to those in need.

2. For Izumiya Restaurant Medan

   The output of this research is expected to can provide input and help the restaurant to consider improving the quality of service and the quality of food as the customer wants.