

CHAPTER I

INTRODUCTION

I.1 Background of Study

In developing a business, service quality is one of the main targets for entrepreneurs to focus on. Service quality is important and necessary for businesses to increase customer expectations, competitor activity, environmental factors, services nature, and also organizational internal factors. A business with great quality of service for sure will meet the customer expectations which will increase profitability and of course, the business will run for the long term. Great service quality will be achieved if the operational processes always keep on improving and there is a periodic check to identify problems systematically.

In the current cafe business, it cannot be separated from the application of hospitality. Hospitality can be defined as the services provided by restaurants to guests who come with the service standards they already have. The role of hospitality in the cafe business is very dominant because businesses in this field always prioritize service as the main part of making guests comfortable visiting the café. While looking at the term tourism it is very important to study the term hospitality. Some people define hospitality as the business of helping other people to feel comfortable, relaxed, and enjoy themselves. In simple terms, the industry of hospitality is classified as the combination of accommodation, food, and beverage

manufacturing which collectively makes up for the largest segment of hospitality industry. (Raga, J. 2019)

Service quality is a form of service provided to guests in accordance with the service standards at the cafe. Service quality of good quality if the expected service is smaller and the service is felt. Service quality concept meets expectations, if the service expected is the same as what is felt (satisfying). Likewise, it is said that the perception does not meet expectations if the expected service is greater than the service that is felt. (Setiawan and Rusno, 2019).

Consumer satisfaction is always a must for every company, especially in the culinary field, to pay attention to. Currently, many cafes culinary businesses are increasingly understanding the importance of customer satisfaction and developing strategies to provide satisfaction to consumers. Expecting customer satisfaction is the dream of every company because with high customer satisfaction, it can be said that the product created is able to attract the hearts of consumers in using a product. Customer satisfaction will be provided benefits for the company, especially businesses in the culinary field. By maintaining and providing satisfaction to their consumers tend to repurchase goods and services they have consumed. (Martiana and Apriani, 2019).

Based on research from Olivia (2016), concluded that service quality (tangible, reliability, responsiveness, assurance, and empathy), has a simultaneously significant influence on customer satisfaction.

Common Folks, is one of the advanced cafés among several choices customers could pick in Medan. There is a lot of good Café in Medan, so it was

counted as a challenge for Common Folks to face. To keep up with the competition Common Folks must have great operations management to manage their service quality to be consistent for their customers. The writer chooses Common Folks Medan because they are a newcomer café in town but seems to be very up to date and catch up with another coffee shops competitor.

In terms of service quality, Common Folks Medan still has problems regarding complaints from consumers. Complaints from consumers arise because employees are still not good at providing services to consumers. To clarify the problem regarding the following complaints, the author cites several sources from Google Reviews in consumer complaints.

Table 1.1
Problems from google review

Rating	Name	Review Results
★	Haikal Ekal	<i>Pelayanan buruk, pesan minuman mantra folk 1 item saja sampai 25 menit. ini resto mementingkan costumer yg makan ditempat daripada yangg mesan dari grab.</i>
★	Kardo Sihite	<i>Kurang bagus pelayanan nya.</i>
★★★	At Drizzel	<i>Untuk minuman takeaway diperhatikan lagi dikasi plastik tutup kue (sudah pernah saya sarankan) kan bisa biar gak merembes keluar biar gak kotor diluar sampai ke custemer dan gak kecewa.</i>

Source: (Google reviews, 2021)

To support the problems that occur in Common Folks regarding the services provided. The writer also attaches the number of complaints from customers regarding the number of complaints submitted by customers to Common Folks.

Table 1.2
Complaint Data from Common Folks in 2021

Months	Number of Complaints	Reasons of Complaints
January	3	1. Slow service from employees 2. The long-ordered menu is finished when the cafe is busy
February	4	
March	4	
April	5	

May	4	3. Employees who are not responsive in answering customer questions 4. Unfriendly employees 5. Food prices are quite high for some menus
June	4	
July	5	
August	6	

Source: Common Folks (2021)

From the table, every month complaints are still consistent. This shows that the services available at Common Folks are still not up to the expectations of consumers. Complaints that occur are generally due to service problems provided by employees. Slow service from employees such as employees who do not pay attention to customers when needed, employees who are not able to explain the menu properly, menu errors are delivered to guests, and this triggers complaints from consumers. In addition, unresponsive service from employees also occurs when conditions are crowded, the food menu ordered by guests is considered quite long by consumers in serving. Late responses from employees show that employees have not been able to provide good service to consumers.

There are still complaints that occur showing that the services provided still need improvement. This is also the writer's consideration in choosing service quality as one of the things that must be a concern for the management of Common Folks. Common Folks Medan has a nice concept and great example and this skripsi would be interesting for those who are interested in starting a food & beverage business. The writer would talk about the owner's and employees' roles to achieve consistent service quality.

Based on the description, the writer decided to do research with the title **“THE INFLUENCE OF SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION AT COMMON FOLKS MEDAN”**. This research could be used to review a running business and as a suggestion for a starting business.

1.2 Problem Limitation

The writer will focus on two variables which are service quality and customer satisfaction on the problem limitation. In this study, the writer will focus on the problem of service employees who are less responsive in serving customers. This research will focus on the customers of Common Folks Medan who have experienced and have their opinions about Common Folks Medan's service.

The indicator of service quality from Tjiptono and Chandra (2019) which: reliability, responsiveness, assurance, empathy, tangibility. The indicator of customer satisfaction from Zakaria (2017), which: complaints and suggestions system, ghost shopping (mystery shopping), lost customer analysis, customer satisfaction survey.

1.3 Problem Formulation

Based on the background of the study above, the problem formulations in this research are as follow:

1. How is the quality of service provided by Common Folks Medan?
2. How satisfied are customers of Common Folks Medan?
3. Does service quality influence customer satisfaction at Common Folks Medan?

1.4 Objective of the research

The objective of this research is to find out about:

1. To describe the service quality at Common Folks Medan.
2. To describe the customer satisfaction at Common Folks Medan.
3. To describe the influence of service quality on customer satisfaction of Common Folks Medan.

1.5 Benefit of the Research

Benefits from this research are as follow:

1.5.1 Theoretical Benefit

Theoretically, this research outcome is to enhance an understanding of training and motivation in the hospitality industry, especially for the employees at Common Folks by developing conceptual theories that are useful for the readers and any employees in conducting policies related to service quality and customer satisfaction.

1.5.2 Practical Benefit

1. For Readers

The results of this research can be used as material to prove that service quality is important and needed to be the focus of a business.

2. For Writer

The results of this research can be used as knowledge to supports learning and observe the real business fields.

3. For Other Researchers

The results of this study can be used as a reference to others who are potentially having the same purpose of research.

