CHAPTER I
INTRODUCTION

1.1 Background of Study

Nowadays, almost all restaurant try or can be said to compete to achieve the goals or targets that the have been set before. This problem arises, because the competition between restaurants is getting tighter so that restaurant must improve customer service and also improve the restaurant's management system to get a more customer. A restaurant must pay attention to the employee performance and management system accompanied by the quality of service to consumers. As a owner of one restaurant must pay attention to the performance environment and also assess the consumers who attend. Therefore, the existence of quality of the service, restaurant performance and management system in a restaurant are very important and determines the restaurant are success or failed. Every organization have a role to serve their customer, so in serve the customer, the restaurant must pay more attention in the service quality and also food quality to get a more customer and also the perceived value and customer satisfaction after visit the restaurant.

The food and beverage industry is one of the sectors that gets development priorities, among others, being encouraged to apply industrial technology 4.0. This digital transformation is considered to have a positive impact on increasing investment and productivity in the industrial sector and creating a competent workforce. The Ministry of Industry noted that the performance of the food and beverage industry during the 2015-2019 period grew by an average of 8.16% or

above the average growth of the non-oil and gas processing industry of 4.69%. In the midst of the impact of the pandemic, throughout the fourth quarter of 2020, there was a 2.52% contraction in the growth of the non-oil and gas industry. However, the food and beverage industry was still able to grow positively by 1.58% in 2020.

In Medan, North Sumatra, The culinary business seems unfamiliar with the still sluggish public purchasing power. The proof is the trend of the food and beverage business in the city of Medan, North Sumatra, continues to grow rapidly. Not only in big restaurants, malls, shops and even spread to home-based businesses that are increasingly prevalent in Medan. The porch of the house has been transformed into a shop or cafe, especially in strategic locations. Because in a sluggish economic condition, most people need food/drink instead of clothing and shelter. Food is a mainstay for all levels of society, both in small cities and big cities. Having a place to hang out has become a secondary need. At least for young people, be it schoolchildren, college students and young employees, make hangouts their destination at the end of the week. This trend does not only exist in city centers.Hangout places such as coffee shops have sprung up, so it seems that in Medan the culinary business is growing. From month to month, we can see that there are always new cafes or restaurants opening. So, it can also be said that

Medan is a culinary destination, both from cafes, restaurants, roadside food, and so on. So the percentage of culinary in Medan always increases.

To prevent the spread of this virus, various countries have implemented social distancing (or physical distancing) policies and even lockdowns. The Indonesian government has also implemented physical distancing, which was later upgraded to PSBB (Large-Scale Social Restrictions). The public is advised to stay at home and only leave the house for very urgent needs while still implementing health protocols. One of the effect of this pandemic is attack our country economic. One of the economic sectors that has been seriously affected is the culinary industry. Many culinary businesses in the world have been forced to close their businesses temporarily or even go bankrupt. There are several culinary businesses that can run their business online, such as through Grab, Gojek, Delivery, and so on. some can't, so that's what makes the economy and makes a person's economy decline because of this pandemic. But what can we do, for our own safety, we must comply with the regulations made by the government? Customer is like a king who must be served, but this doesn't mean giving up everything to the customer. One of the actions to satisfy consumers is to provide the best service to consumers. Restaurant need to pay attention to a very important thing, namely the quality of service. A consumer certainly wants maximum service quality from the company so that it adds to his/her satisfaction in enjoying the product he/has purchased.

Culinary business as business in general always has the potential for failure. Especially in the midst of intense competition, many of which are increasingly unclear about the differentiation and market segment. The fail. The failure to develop experienced by various culinary industry players is certainly

caused by various factors. Opening a café or restaurant, we must analyze our surroundings, we must think carefully after we open a café or restaurant in this area, can it grow or not. After that we must analyzing cafes or restaurants around us. What are their shortcomings, such as for example price, food quality, price and others. So, we can know what we should do or we can make a strategy to compete our own business with them.

One of the toughest competitors in Medan in the culinary industry is Thirty-Six. Where is this restaurant in my opinion, every day is very crowded with visitors? The first reason is, Thirty-Six serves the best spaghetti in Medan, the hangout place is also very comfortable and delicious, and the restaurant are located in the middle of the city, so it's not too far to visit the restaurant. And the employees at Thirty-Six have very-very good service quality. It can be seen from the alertness of employees in serving customers, the responsibilities of their employees as well as friendliness and courtesy to customers. these are all that make Thirty-Six crowded with visitors and become one of the toughest competitors in the culinary field.

The reason I'm interesting to research this object is because I personally like culinary tourism. I myself can sometimes analyze the price, the quality of the food and drinks, the taste of the food, and the service from the employees. So, withall this, I take this opportunity to explore more about this culinary. With this I can know what are the shortcomings or what strategies are needed to open a culinary tourism business in Medan. Especially with the addition of PPKM, it makes me even more interesting to research this. With this research, I can also assess the culinary growth in Medan. I can compare the culinary growth in Medan before the

pandemic and after the pandemic.

According to my title, I have some variables that were service quality, customer satisfaction, food quality, perceived value and behavioral intentions. According to Fandi Tjiptono (2017), service quality can be interpreted as an effort to fulfill consumer needs and desires as well as the accuracy of delivery in balancing consumer expectations. The example is Google Review, Google Review is one of the features of Google maps. This simple feature that can have a big impact is used to give a place a numerical value and text and photo reviews of a place. Food quality, according Wijaya (2017), food is all provisions that have been determined in relation to the food quality characteristics required for satisfy consumers wants and expectations.

The example is HALAL, HALAL is any object or activity that is permitted to be used or carried out, in the Islamic religion. This term in everyday vocabulary is more often used to indicate food and drinks that are permitted to be consumed according to Islam, according to the type of food and how to obtain it. Every restaurant in Medan must have this word, except the restaurant that sell pork. Behavioral intention is the persuasive components that impact a given conduct where the more grounded the aim to play out the conduct, the almost certain the conduct will be performed. Meanwhile, behavioral intentions are intentions consumers to become repeat customers and recommend word of mouth to the closest people according to N. Te Kuo, Cheng, Chang, & Hu (2018). The example is Mouth to Mouth marketing. Mouth to Mouth marketing is likewise called informal publicizing varies from normally happening verbal, in that it is effectively impacted or empowered by association. Customer satisfaction, . The example is we can analyze the customer satisfaction using Net Promoter Score (NPS) is a highly respected loyalty metric that people at companies like yours

will use to gather the customer feedback they need to inform their business strategy, Customer Satisfaction Score (CSAT) is a business metric that companies use to measure customer satisfaction scores on their overall experience. Perceived Value is Purchasers' general appraisal of item value depends on view of what is given and gotten. Estimation of examination factors was completed utilizing a 5-point Likert scale from emphatically differ to firmly concur.

The example is Starbucks Customers are willing to pay dearly for a cup of coffee because of the 'perceived-value' they have over Starbucks. In fact, it could be that the quality of other coffees is not inferior to Starbucks.

Glory Coffee is established in 2020 by Herbert. Glory Coffee is a start-up business. Before Herbert open his café, Herbert was use to sell beverages example like, matcha latte, some coffee drink, soda drink, and etc. After Herbert move to Citraland, he think to open a café at there because, Citraland quite crowded. After Herbert open in two months, his café are very crowded, there have so many people enjoy his coffee and his café food. But after two or three months, his cafe customer is decrease. Herbert said that his café from the beginning are very crowded but as time goes down his customer are disappear. The Writer already discuss with the owner about the problem that having in this café. After the writer discuss, the writer and the owner found some problem in each variable. In Service Quality, the problems are the employee of Glory Coffee are too lazy to take the order. After that, the employee too much playing their own phone rather than take the order. Sometime the employee not wearing formal clothes. And then the owner said that some customer complains about the electronic stuff, example like the Air-Conditioner doesn't turn on and the fan is not use by the employee. Sometimes the food takes too much time to be serve. And the last is, the writer

had experience ordering food, where he requested for no vegetables but was serve with vegetables. For the Food Quality, the problems are the plate is not fully dried. The writer has experience in ordering the Dim Sum, and the Dim Sum was not cook through and the chili taste less. There is no much varieties of food in the menu, so make the customer not giving much choice to the customer. For the Perceived Value, the writer and the owner have already discussed the problems. The problems are the price are closely similar with the other competitor, the customer will be comparing the price with other competitor, ethe example is Thirty-Six, if the customer compare the price at Glory Coffee with Thirty-Six, the customer will visit Thirty-Six rather than Glory Coffee. For the Behavioral Intention, the problems are depends on the service, the food and the price that Glory Coffee gave to the customer if the customer are satisfied, the customer will visit Glory Coffee for the second time. And then the customer will help Glory Coffee to promote at Media Social, promote to the customer friend and others people. For the Customer Satisfaction, the problems are the customers

feels not satisfied about the food at the Glory Coffee because sometimes the food is not tasty, for the drinks the ice too many. The customer also said that the employee is too slowly to taking the order so the customer is waiting too long to order the food. Having realize on service quality, food quality, and the perceived value, the writer is interested to conduct a research with the title of "**THE EFFECT OF SERVICE QUALITY, FOOD QUALITY AND PERCEIVED VALUE TOWARDS BEHAVIORAL INTENTION THROUGH CUSTOMER SATISFACTION AT GLORY COFEE MEDAN."**

1.2 Research Limitation

In focusing this research and the limited sources, the writer decided to establish

the research by selection several limitations such as:

a. The data will be gathered only from Glory Coffee Medan, Indonesia.

b. According to the geographic, time and constraints, the respondents were only taken from the customer of Glory Coffee that located at Citraland Medan, Indonesia.

c. The questioner respondents are limited to 18-65 years old.

d. This research only using 5 variables, which is: service quality as variable X1 (independent variable). Food quality as X2 (independent variable), perceived value as X3 (independent variable). Customer Satisfaction as variable intervening. And Behavioral Intention as Y1 (dependent variable).

e. In this research are going to used 31 indicators, where service quality will be present by 14 indicators, food quality will be represent by 5 indicators, perceived value will be represent by 3 indicators, customer satisfaction will be represent by 4 indicators and behavioral intention will be represent by 5 indicators.

1.3 Research Problem

Based on the background of the study, the question to be answered in this research are as the follows:

1. Does service quality have effect to customer satisfaction to visit Glory Coffee Medan?

2. Does food quality have effect to customer satisfaction to visit Glory CoffeeMedan?

3. Does perceived value affect customer satisfaction to come at Glory Coffee Medan?

4. Does behavioral intention significantly affect customer satisfaction at GloryCoffee Medan?

1.4 Research Objective

This research is to understand how to improve the service quality, customer loyalty and customer satisfaction at Glory Coffee. It's hoped that this research can maintaining the understanding of how to improve the service quality, food quality and customer satisfaction. The objectives of this study are:

a. To explain the service quality has a significant affect to customer satisfaction to visit Glory Coffee Medan.

b. To examine the food quality has a significant affect to customer satisfaction to visit Glory Coffee Medan.

c. To examine perceived value has a significant affect to customer satisfaction to visit Glory Coffee Medan.

d. To examine behavioral intention has a significant affect to customer satisfaction at Glory Coffee Medan.

1.5 Benefit of the Research

There have two benefit in this research:

1.5.1   Theoretical Benefit

The benefit is this research can be used to improve understanding of customer service to the employee and also expand the knowledge about customer to the company. In additional, this research also can give future understanding and improve the discussion about the analysis variable service quality, food quality and perceived value towards behavioral intention through customer satisfaction at Glory Coffee Medan.

1.5.2 Practical Benefit

The writer expects this research will provide some benefits, there are:

a. For the writer, this research can give the writer more understanding and increase the knowledge about service quality and customer in real life

b. For the company, this research can give a usage to the company to improve the employee service by telling them how to give the best service for the customer and also how to maintaining the food quality to the customer.

c. For the researches, this research would help them as their additional references and will give them extensive knowledge especially about the topic of the research.