

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

In the current business development in the hospitality industry, it is getting tougher and competing with one another. The development of the hospitality industry has also made consumer choices more diverse and varied. This is certainly a challenge for business owners because they must be able to win the competition and get a place in the hearts of customers. More varied choices will make consumers more selective in choosing products and services to use.

The development of consumer consumption is also very good from year to year, even though this year it has decreased due to the COVID 19 pandemic which affects all business sectors, consumption by consumers has started to improve. Business activities have also shown an increase compared to the beginning of the pandemic. This certainly has a good impact on business continuity at this time.

According to Hermawan (2019), in the hospitality business it is known that elements service and human contact are more dominant in determining satisfaction, but not meaningful for the convenience store located on the left it is assumed that the service is not urgent. Even though it sells goods, the reality is at this point. Hospitality in shops is also very important in determining customer satisfaction. Unfriendly shop staff service will be causing shoppers to be reluctant to revisit the store self-service. Therefore, the convenience store right now can be concluded as a form of hospitality business oriented.

Satisfying consumers is a crucial market issue that has drawn significant research interest. Customer satisfaction is primarily extracted from a neural reaction with a perceptual disparity between pre-consumption expectations and practical reality following the consumption of services or goods. This means an accumulated transient and sensory reaction. (Arora and Narula, 2018)

Services are separate and marketable acts related to the availability and/or use of capacity, while during the development process, external influences (those which are not part of the control of the service provider) are found to create beneficial effects on external factors, individuals and their objects. (Zappe, 2017) Services may be described as an operation, profit, or pleasure that is ultimately intangible and does not result in the purchase of anything available for sale. Products are closely related to consistency and are measured according to different criteria. (Udaphayani and Pant, 2019)

Eden Bakery, located on Jalan Burjamhal I Medan Petisah, is a bakery and coffee shop in Medan City with an aesthetic design. The menu Eden Bakery provided is bread, cake, donuts, and for beverages, it provides coffee and tea menus. Eden Bakery also accept cake orders for birthdays and certain events. Customer satisfaction is the main thing in shaping customer comfort. Generally, satisfied customers will always make a repurchase. At Eden Bakery, there are still several complaints from customers regarding the service provided. The follow is the complaint data submitted by customers.

**Table 1.1 Complaint Eden Bakery from 2017-2019**

Year	Complaint	Reason of Complaints
2017	28 complaints	1. Employees who are not friendly 2. The cake order menu is prepared too late before being taken by the consumer 3. The bakery menu is not always ready when ordered 4. The portion of the bakery is still less costly
2018	25 complaints	
2019	31 complains	
2020	25 complains	

Source: Eden Bakery 2017-2020

From the complaint data received by Eden Bakery, there are still complaints from customers. The number of complaints that occurred, although not very significant, still shows that customer satisfaction has not been achieved. The reason for complaints from consumers are regarding employees who are not friendly, some cake orders are late, bakery menu is out of stock and portion of bakery. The complains that are still submitted by consumers show that the satisfaction expected by consumers has not been able to be fulfilled by Eden Bakery.

From the observations the author finds that the quality of service provided is the main problem that cause customer complaints. Customer satisfaction has decreased due to complaints about service quality problems raised by consumers. The complaints that occur show that the services provided are not fully following the expectation of consumers. Besides the owner of the bakery happens to support this research to be an input for this bakery. Through this research is supposed to provide more information on the strengths and weaknesses of the service quality in this restaurant to satisfy what customers need and want so that it can be used as a strategy to improve the service quality and be able to compete with other restaurants.

Understanding the importance of service quality and customer satisfaction in any business, on the problems that occur, namely the quality of service which is

currently still quite a lot of complaints by customers and its impact on customer satisfaction, so the writer is interested in conducting research with the title “**The Influence of Service Quality towards Customer Satisfaction at Eden Bakery**”.

## **1.2 Problem Limitation**

The writer of this study will collect data through direct interviews with the owner of Eden Bakery. With the object of research are customers of Eden Bakery. In the problems experienced by Eden Bakery it will cause a decrease in customer satisfaction due to experiencing several complaints because of the quality of service assessed by some customers is still unable to meet the expectations and demands of customers.

However, due to the limitation of time, budget, and data access. In this research, the writer will focus only on service quality and its influence on customer satisfaction. The writer choose trust as the main problem of this study. Problem limitations are service quality as the independent variable (x) and customer satisfaction as the dependent variable (y). Indicators of trust as the independent variables include service reliability, service responsiveness, service assurance, empathy, tangibles (Venkataraman and Pinto, 2017) and indicators of customer satisfaction as the dependent variables include repurchase, creates word of mouth, creates a brand image, creates purchase decisions. (Sari and Setiyowati, 2017).

### **1.3 Problem Formulation**

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

1. How is service quality at Eden Bakery?
2. How is customer satisfaction at Eden Bakery?
3. Does the service quality have an influence customer satisfaction at Eden Bakery?

### **1.4 Objective of the Research**

The purposes in doing this research are as follows:

1. To explain about the service quality at Eden Bakery.
2. To explain about the customer satisfaction at Eden Bakery.
3. To analyze whether service quality influence towards customer satisfaction at Eden Bakery.

### **1.5 Benefit of Research**

Benefit of this research can be listed as follow:

#### **1.5.1. Theoretical Benefit**

The theoretical benefit of this research are as follows:

1. Enrich the knowledge of the writer by doing the research also increase the experience of the writer in doing research.
2. Reading material for all students at Universitas Pelita Harapan, Medan.

3. To contribute in improving existing theories, especially on service quality and customer satisfaction.

### **1.5.2. Practical Benefit**

The practical benefit of this research are as follows:

1. To the company, to get information whether the survey that has been made will be useful to improve the company's productivity.
2. To other people, future researcher, readers: to be a guide in leading the reader to do another research that are compatible with this research.
3. Also, to gain insight about what is need to update the relevant data provided from this research, so reader will get a picture on how to improve the quality of their data.

