

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

To date, there are a lot of businesses that exist, either small or large, that result in increased competition within them. Businesses have to keep up with rapid development to survive in a competitive market. They always have to think of any new idea or concept to be accepted as a trend, so customers will be interested in trying to maintain their customer retention or even gain more new customers to join the hype. Many businesses try to understand what customers need and want to satisfy customers, which results in increased revenue.

As human beings, we all need to eat and drink, originally three times a day of food. But as time goes by, nowadays, some people can eat five times a day with an unlimited drink. This phenomenon inspires a lot of business owners to dive into the food and beverage industry. To date, in the business industry, the food and beverage industry is still categorized as one of the leading sectors because a lot of businesses, from small to large, that are in this industry keep developing and growing.

Even though many businesses engage in the food and beverage industry, they all specialize in many different things. Some are more focused on food, while some are more focused on beverages. On the other hand, there are businesses like restaurant or café that are growing rapidly in this era. They provide both food and

beverage products, as well as good service quality. Although the importance of product quality is high in the food and beverage industry, service quality is also a crucial factor that can affect a business' growth.

As the food and beverage industry keeps growing, a lot of businesses forget to pay more attention to their product quality as well as service quality. Many businesses fail to survive in the industry because they overlook the importance of product quality and service quality offered by businesses. Even though many factors can affect a business, product quality and service quality should be taken into consideration to be maintained. Businesses that engage in the food and beverage industry pay a lot of attention to their product quality. But if a restaurant or café does not provide good service, customer retention will be low even if the product quality is high.

According to Amanah as cited in Albari & Kartikasari (2019), product quality refers to a product's ability to perform specific functions such as reliability, durability, ease of use, resulting accuracy, and maintenance, and other important aspects of the product in general. Hassan et al. as cited in Albari & Kartikasari (2019), defines service quality as an assessment or attitude toward the excellence of a service. Eventually, the correlation between customer expectations and perceptions of the service performance obtained or the service performance provided by an organization, as assessed by direct customer feedback, can be used to determine service quality (Albari, as cited in Albari & Kartikasari, 2019). Service quality is determined by comparing customer expectations about a service

encounter to customer impressions of the service encounter (Parasuraman et al., as cited in Mmutle & Shonhe, 2017).

According to Jamal M. M. Joudeh & Ala O. Dandis (2018), customer satisfaction is related to customer demands. A customer is satisfied when he or she is content with the product offered. Customers frequently have expectations of the offered product. When they purchase a product, customers expect that certain product to live up to their expectations. When the product cannot meet expectations, customers will be dissatisfied.

Based on the result of Anita Carolina (2019) research, shows that service quality and food quality each had a significant positive effect on consumer satisfaction. For that reason, every business that is engaging in the food and beverage industry needs to consider product quality and service quality as important aspects to maintain customer satisfaction.

In this research, the writer decides to observe more on Sushi Mentai Dr Cipto Medan to find out about their product quality and service quality. Sushi Mentai is a Japanese restaurant that offers several types of Japanese food, one of which is sushi. Their concept is to provide sushi at an affordable price in the most convenient way. Hence, they use conveyor belts to offer their sushi, which eventually conveyor belts have become their restaurant's signature. It is located at DR. Cipto Street, Number 2. Aside from operating their business in the outlet itself, they also join with platforms like Gojek and Grab for delivering their foods. This is also a strategy to expand their services for takeaway and delivery services.

The writer did some preliminary research on this restaurant to find out more information regarding the restaurant. It was conducted through an interview with the director of Sushi Mentai Dr Cipto Medan. From this interview, the writer gained a lot of insight related to the restaurant. Since the beginning of their outlet's opening, it has been in a pandemic situation, so the restaurant provides extra services to accommodate customers for their convenience. For example, they provide a QR code for customers to see the menu and order food through a web application. Also, they implement the physical distancing policy inside the restaurant so customers feel comfortable while dining there.

To know how customers feel about the product quality and service quality in the restaurant, the writer observed customer reviews through google review. The restaurant itself also discover its customers' feedback from the reviews customers wrote.

**Table 1. 1 Customer Review**

Period	Number of customers' complaints (roughly)	Types of customer reviews	
2020 – 2022	20	Service Quality	<ol style="list-style-type: none"> <li>1. The waiters are unfriendly</li> <li>2. The staff cannot handle customers properly</li> </ol>
2020 – 2022	19	Product Quality	<ol style="list-style-type: none"> <li>1. The food is too salty</li> <li>2. The taste of foods and drinks are just mediocre/taste bad</li> </ol>

Source: Google Review

Based on the data provided above, it can be seen that there are some complaints from customers regarding the service and the product quality. There is a complaint about the freshness of their sushi or sashimi. As a Japanese restaurant, the freshness of ingredients is an important thing as they provide sashimi that

requires a fresh salmon. There is also a complaint about the unfriendliness of the waiter which made customers uncomfortable dining in the restaurant.

Even though there is also plenty of positive feedback about the product and service quality, given the data from google review, they still need a lot of improvement. Sushi Mentai Dr Cipto Medan needs to examine its product and service quality as it is an important aspect for a business that engages in the food and beverage industry because it can affect customer satisfaction. To keep striving in the market, Sushi Mentai Dr Cipto Medan needs to improve its customer satisfaction by providing products and services that can satisfy customers. By doing so, the restaurant can increase and retain customer satisfaction for the long term.

From the data and the interpretation above, it can be seen that the product and service quality at Sushi Mentai Dr Cipto Medan is still lacking. The writer believes that engaging in the food and beverage industry, both product quality and service quality is important as it can affect customer satisfaction. Therefore, the writer decides to conduct research under the title **“THE INFLUENCE OF PRODUCT QUALITY AND SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION AT SUSHI MENTAI DR CIPTO MEDAN.”**

## **1.2. Problem Limitation**

To simplify the study, the writer limits this study to "The Influence of Product Quality and Service Quality Towards Customer Satisfaction at Sushi Mentai Dr Cipto Medan". The writer will focus on evaluating the influence of

product quality and service quality towards customer satisfaction, which can contribute towards the development of the restaurant. The research will be conducted at Sushi Mentai Dr Cipto Medan, which is located at DR. Cipto Street Number 2, for a period of approximately five months.

### **1.3. Problem Formulation**

Based on the background of the study above, the writer can take problem formulation as follows:

1. What is the product quality at Sushi Mentai Dr Cipto Medan?
2. What is the service quality at Sushi Mentai Dr Cipto Medan?
3. Does product quality and service quality influence customer satisfaction at Sushi Mentai Dr Cipto Medan?

### **1.4. Objective Of Research**

The purpose of this study is:

1. To identify the product quality at Sushi Mentai Dr Cipto Medan
2. To identify the service quality at Sushi Mentai Dr Cipto Medan
3. To identify the customer satisfaction at Sushi Mentai Dr Cipto Medan
4. To know whether product quality and service quality affects customer satisfaction at Sushi Mentai Dr Cipto Medan

## **1.5. Benefit of the Research**

### **1.5.1. Theoretical Benefit**

By conducting this research, the writer is expected to gain more knowledge and experience that can add to the writer's insight, especially in the product quality, service quality, and customer satisfaction. Furthermore, this research is expected to provide readers and future researchers with a better understanding of similar subjects.

### **1.5.2. Practical Benefit**

#### **1. For Future Researchers**

This research is expected to be used as an additional reference for future researchers who will study similar areas and have a better understanding of the influence of product quality and service quality on customer satisfaction.

#### **2. For Sushi Mentai Dr Cipto Medan**

This research is also indirectly becoming feedback for Sushi Mentai Dr Cipto Medan about their product quality and service quality which might be used to improve and enhance their quality and customer satisfaction.