

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the second quarter of 2021 in Indonesia, the consumption from household recovered by 5.93% compared to the same period last year and was marked at current prices of 2.3 trillion rupiah which provided to Indonesia's gross domestic product as much as 55.07% which reached to 4.2 trillion rupiah (Kusnandar, 2021). From the household consumption, restaurant and hotel is the component that has the fastest growth in Q2 of 2021 with rate of 16.79% (Jayani, 2021). Based on data from Statista (2021), Indonesia had roughly 106 thousand of restaurants with full-service concept in 2020. Full-service concept means that from arrival to departure, customers are fully served by the staffs (Kumparan Food, 2019). Common characteristics of full-service concept are employees help customers to be seated, took customers' orders, served the foods on customers' table, and cleaned the table after customers have left (Watts, 2018). In the full service restaurant, customers usually will be charged 5-10% of service charge from the total amount of spending made (Legawa, 2019).

From the data above, this industry has a bright prospect which will attract more and more new restaurant players since the highest importance thing a person require to survive is food and now restaurants are not only to suffice the basic needs but can also to satisfy customers' need of serene surroundings and wanting to experience different flavor that they aren't able to prepare at their place (Raj, 2021).

Henceforth, in order to persist and prevail in the competition, restaurants need to have comparative edge and ensure full satisfaction for customers, because if customers are not satisfied, they will not have further intention to eat in the restaurant anymore (Mealey, 2019). Aside from being consistent on delivering high-quality of food, the comparative edges that restaurants need to pay attention to are providing outstanding quality of services through the employees and building exceptional experiences for customers in the restaurant. To build exceptional experiences for customers, restaurant needs to educate the employees as they are the one who directly connect with customers and conduct the quality of services for customers (Voix AI, 2018).

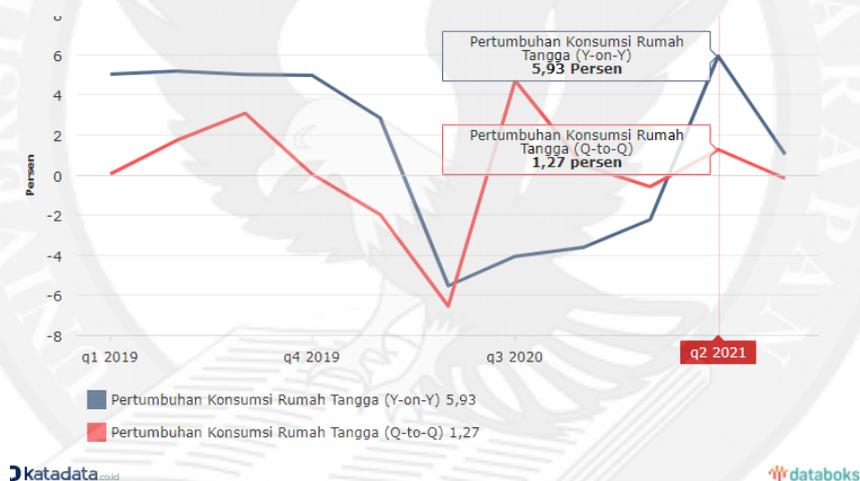


Figure 1.1 The Growth of Household Consumption 2021

Source: Central Bureau of Statistics (2021)

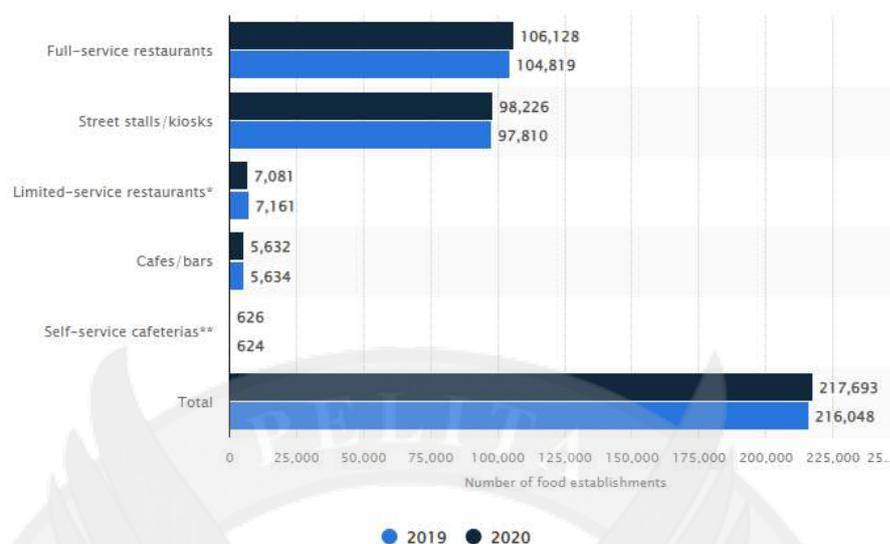


Figure 1.2 Total Number of Food Establishment in Indonesia 2020

Source: Statista (2021)

Service quality can be defined as crucial aspect that affect customers' perception because from the representation of service quality on customers' mind, customers will make a judgment. Customer will seek for competitors that have better understanding on customer needs and capabilities to deliver superior services (Ariyanto, 2019). Customers' level of satisfaction can be determined by examining the efficacy of service quality (Afthanorhan et al., 2019). In short, service quality relates to how firms fulfill or excel customers' excitement and it conforms to satisfaction as the better the quality entails the better satisfaction obtained by customers (Pakurár et al., 2019). Based on Parasuraman et al. (1988), service quality can be assessed through five elements such as tangible, reliable, responsive, assurance, and empathy. According to previous research by Siswhara et al. (2019), it is proved that quality of service has high effect on customers' level of satisfaction in Sundanese restaurants in Bandung.

Food quality is the food's dimension to be accepted by customers and undeviatingly impact restaurants in which if there is any flaw, the customers will

feel disheartened (Tendean et al., 2020). Dianti (2020) stated that to surpass the rivals, pleasant-tasting and fresh food are necessary. Thus, restaurants need to monitor the quality of food to match the customers' expectation which will satisfy them and even make another transaction with the restaurants if they are elated with the food quality because the more improved quality of the food served to customers, customers will be more satisfied (Ngandoh, 2022).

Customer experience is considered as the personal and individualized judgment that customers made when they have straightforward or oblique interaction with the enterprise (Lee, 2019). Memorable customer experience can be created when customers view the experience that they engaged with is unique and exclusive and when it affords simultaneous to all distinctive stages of rational, emotional, sensorial, physical/bodily, and religious/spiritual (Patel & Patel, 2020). According to research conducted by Vienne (2020), Customer experience has a notable influence on customer satisfaction because by offering a pleasant and noteworthy experience will advantage the firm in the future as it is developing enjoyment for customers and constructing deep relationship with customers. On the opposite, if the firm has failure in examining customer experience, then satisfactory level will be tough to attain.

Customer Satisfaction is a fundamental element for firms' success and long-run competency. In the view of restaurants, satisfaction from customers and sales from restaurants are inextricably related because satisfied customers will be retained and share of the market will be built (Ziku et al., 2019). Based on previous study, customer satisfaction is influenced by service quality and customers'

experience as high satisfaction is only possible if quality of services and experience from customers are high too (Tjahjaningsih et al., 2021). Hidayat et al. (2020) also mentioned that customer satisfaction can have direct and significant influence from food quality.

Koki Sunda is a restaurant which established in Hasanuddin, Medan back in 2007 by PT. Koki Sunda Abadi, a company that is a pioneering Indonesian Cuisine Restaurant that also established another restaurant brand namely Istana Koki. Koki Sunda has total of 3 outlets in Indonesia, two of them in Medan (located on Hasanuddin and Gatot Subroto), and the other is in Pekanbaru (located on Jend. Sudirman street). Koki Sunda have bounty of VIP rooms and Grand Ballroom that can hold approximately one thousand people. In this research, the researcher will focus on Koki Sunda in Medan outlet, specifically in Hasanuddin street due to the restraints of time and circumstances. To see the situation of customers' satisfactory level in Koki Sunda, the researcher checks the restaurant's Google review because its features operated to display customers' detailed opinion on services provided by the firm and trusted to have authentic and not freely manipulated reviews (Oliver, 2021).

Majority of the reviews mentioned about slow and unprofessional services. For instances, there are customers that got one drink after half an hour and some customers didn't get the beverages even until they have paid the bills which caused them to only eat and didn't drink, some other customers complained takeaway orders also need a long time like packing the *jamu* needed one hour and rice boxes too which didn't need that long preparation time, and also several customers already

pushed the bell button for two times but there aren't any staff coming. Several customers pointed out that there are many staffs in Koki Sunda, but the service is slow might be caused by some staffs are getting caught off guard and chitchatting, staffs that are needed to be reminded several times before they actually performed the ordered tasks, less alert, and they did basic mistake like input wrong orders. Many customers also complained about unfriendliness from staffs like when the food is taking way too long to be served, they didn't show they are sorry, shows unpleasant facial expression, rude to customers, act impatiently when explaining the ingredients on the dishes, and won't give any suggestions unless requested by customers.

The quality of food served by Koki Sunda also deemed still lacking by customers. Some customers feel that the food is less delicious and not suit to customers' taste/likings. For instances, several customers commented the dishes and beverages/drinks are oversweet/too sugary such as the chili that should be spicy but turns out too sweet and not spicy at all and also about the duck stew that should have a bit of salty taste, but Koki Sunda cooked it too sweet. Others think that the dishes are lacking in flavor or even tasteless like the spices or seasonings are savorless, the seasoned chicken satay didn't blend with the peanut sauce, *cepot* fried noodles are oversalted, and *tempe bacem* is too acidic/sour. Some of the diners also indicated the problem of the dishes' temperature and freshness such as customer ordered fried duck that should be served hot but Koki Sunda served it cold which made the customer think that the duck is just taken out of the fridge and sort of leftover food, another customer also pointed out the problem regarding duck dish

(roasted duck) which still have rancid smell that affect their satisfaction, not only duck that customers think taken out of the fridge to serve customers but also *iga bakar* which leads one of the customer sensed the ingredient is being stored too long in the fridge and not fresh, another customer uttered the food is served quickly but is not served hot like not made by order, there are also customers that complaint although the food is quite tasty but it is not cooked in suitable temperature/undercooked. The cleanliness and quality of the food is being questioned by customers such as the fish has a bad/rotten smell which induced customers to not have a meal in Koki Sunda again in the future, other customer stated the fish skin is too hard, and several customers that found out the dishes have hair. In addition, customers claimed that some dishes are too salty as Koki Sunda poured too much salt, rice is sticky/mushy, orange juice doesn't have the taste of orange because of too much water and customer ordered iced young coconut shell, but the one that came is the iced old coconut which tasted more bitter than the young ones.

There are several comments from customers that expressed their experience when eating in Koki Sunda are less enjoyable due to lack of service. For example, when customers already paid the bills but not yet went out of the restaurant (still eat and in their seats), the staffs immediately turn off the light and air conditioner in their location, after the customers requested to turn on again, the staffs took more or less 10 minutes just to turn it on. Another customer stated that they didn't feel any enjoyable and comfortable experience because they feel the atmosphere inside Koki Sunda is too hectic due to staffs rushed back and forth in a hurry. When they

already sit down for five minutes, the staffs just serve them by giving the menu while looking at the other place as if they are super busy, hasty and indifferent attitude. Similar feedback regarding the experience is not fully enjoyable is about how the staffs are seemingly aggressive when taking and serving the foods which will be dangerous for customers (accidentally spill the food on customers or bump into passing customers) especially if the foods are hot and liquid like soup.

There are also some other feedbacks related with customers' experience and enjoyment in Koki Sunda such as customers found string of hair in the dishes, many flies near the tables, the tables still have oil marks when customers touch them, and the private room is not soundproof so that the noise from other rooms are very disturbing. Complaints about facilities inside Koki Sunda also disrupt customers' experience like when customers only want to wash their hands, they have to go inside the toilet because washstand is not placed outside, the toilet on second floor is not clean, toilet are not gender-separated (male and female use the same toilet), for customers that are on wheelchair will find it difficult to enter the toilet, limited parking spots which caused customers to move to the backside parking spots (combined with school's parking area), and meeting room is also not spacious enough. Critique for prayer room is important as the room for male and female is only separated by a thin cloth which will have effect on customers failing their ablution.

From the criticism and protest from customers, although Koki Sunda has overall high rating in Google Review with 4.4 points, there are still a great number of customers who find out Koki Sunda is still lacking in delivering the best services,

best food and best dining experience for their customers which will incite displeasure due to unpleasant performance from Koki Sunda Medan. Therefore, the researcher selects **“The Effect of Service Quality, Food Quality, and Customers Experience toward Customers Satisfaction at Koki Sunda Medan”** as the title of *skripsi*.

1.2 Problem Limitation

Considering the COVID-19 pandemic situation and the limitation on time duration and budget, this research will only discuss independent variables of “Service Quality”, “Food Quality”, and “Customers Experience” toward dependent variable of “Customers Satisfaction” at Koki Sunda Medan. Moreover, in accordance with health protocol of COVID-19, the researcher thinks it is better to give online questionnaires for the participants.

1.3 Problem Formulation

There are four questions based on the problem formulation that the researcher needed to answer so that this research can be conducted as of the followings:

1. Does Service Quality have partial effect towards Customers’ Satisfaction at Koki Sunda Medan?
2. Does Food Quality have partial effect towards Customers’ Satisfaction at Koki Sunda Medan?
3. Does Customers Experience have partial effect towards Customers’ Satisfaction at Koki Sunda Medan?

4. Do Service Quality, Food Quality, and Customers Experience have simultaneous effect toward Customers' Satisfaction at Koki Sunda Medan?

1.4 Objective of the Research

There are four main goals of this research:

1. To know if Service Quality has partial effect towards Customers' Satisfaction at Koki Sunda Medan.
2. To know if Food Quality has partial effect towards Customers' Satisfaction at Koki Sunda Medan
3. To analyze if Customers Experience has partial effect towards Customers' Satisfaction at Koki Sunda Medan.
4. To investigate if Service Quality, Food Quality and Customers Experience have simultaneous effect toward Customers' Satisfaction at Koki Sunda Medan.

1.5 Benefit of the Research

In accordance with the problems and objectives in this research, there are two types of benefits that can be gained, which are:

1.5.1 Theoretical Benefit

Expected benefit is to acknowledge the effect of service quality, food quality, and customers experience toward customers' satisfaction at Koki Sunda Medan. Furthermore, this research is intended to enrich the information and as a

reference for future researchers who want to conduct research related with service quality, food quality, customers experience, and customers' satisfaction.

1.5.2 Practical Benefit

This research strives to deliver the insight on how company adopt service quality, food quality, and customers experience as strategies that can affect customers' satisfaction and provide suggestions for companies that want to utilize service quality, food quality, and customers experience in order to improve customers' satisfaction level.

