

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Hospitality industry is a promising industry that is developing worldwide. As a service field, the hospitality industry continues to fulfill the demand of customers which leads to satisfaction. It also presents specific experiences that customers value during service encounters. The hospitality industry can be grouped into food and beverage, travel and tourism, recreation, and lodging.

Medan as the third largest city in Indonesia is known as a metropolitan city. Even though the purchasing power of society is unstable, Medan as one of the famous culinary places continues to grow and follow the trend. Culinary businesses now not merely depend on the conventional way but are also transforming into an online system. The ease of doing transactions and promotion through digital platform have simplified the restaurant workflow in attracting customers. Countless restaurants seek the opportunity in the market as societies are more interested in spending time outside as a lifestyle. This is evidenced by people who continue to crave foods to meet their desire and curiosity about culinary.

With so many competitors in the market, existing businesses are required to improve their service quality for customer satisfaction. According to Baharudin & Aprilian in Garoda (2021), a good service quality will satisfy customers to make

customers loyal to using the service. The service provided will determine the income obtained by the company. Good service quality is certainly a measurement or benchmark for the success of a company.

When the service quality does not reach the expected quality standard, then it will be a massive issue for the business. Customers who are satisfied with the quality of the service generate a competitive advantage over competitors which leads to business sustainability. The quality of service also encompasses how a restaurant can understand customer needs and have a positive impression.

Some restaurants are desperate to take notice of the service quality provided to customers. They emphasize the profit they set to achieve as quickly as possible that overrides the need for service. This causes businesses to receive poor feedback from customers via social media or word of mouth. Moreover, customers often see online reviews before visiting the restaurant to get insight to adjust to their preference.

A well-trained workforce will increase the quality of services provided to the whole customer. The environment within the workplace is important to be maintained in building good communication and self-motivation among the employee to improve service quality. The service quality can be perceived as high if the service provided surpasses customers' standards.

Food and beverages as a part of the hospitality industry strive to fulfill the demand and provide the best possible services to customer needs. Food quality can be an important factor for customers to determine satisfaction as it is a starting point

for restaurants in capturing market share. Food quality is a pivotal aspect that can affect customer experience in purchasing food (Fauziyah, 2018).

According to Walter in Komala et al. (2019), food quality is an important aspect that must be concerned as food is the main product offered by the restaurant to the customer. Using the right ingredient in a food that is being processed certainly results in quality food. Customers measure the consistency of restaurants in delivering quality food to pinpoint their satisfaction. Having said that, food is called quality if it can completely bring satisfaction to customers.

Customer satisfaction is important indeed as the customer values good service quality together with the taste of the food. Laely et al. (2020) claim that satisfaction is the difference which felt between reality and expectation. Satisfied customers will recommend the restaurant to their surroundings for their lovely experience. This is what sets the restaurant apart from competitors and maintains a good reputation in the long term. It will directly have an effect on the growth of familiarity that makes the business known by the public and ultimately sales. Obtaining customer satisfaction is challenging because every customer has their preferences and traits.

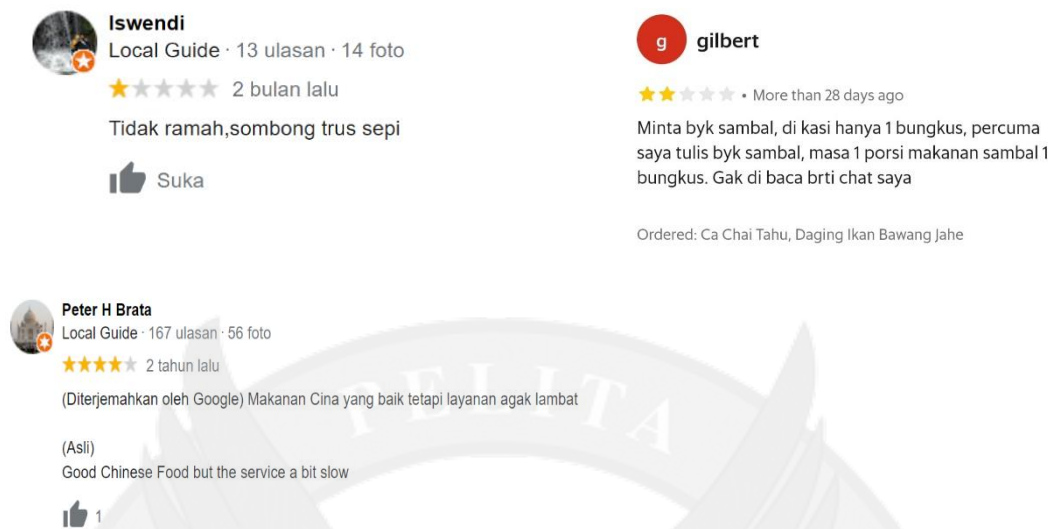
Customer satisfaction refers to a measurement of services or products provided to fulfill customers' expectations. According to Kotler and Armstrong in Nurwahyuni et al. (2021), customer Satisfaction means a sense of delight or drawback which appears after contrasting the result of a service or product with the expected outcome. Customer satisfaction is significant in the food and beverage

industry as it affects the profit of the restaurant. Customers will not merely enjoy the tasty dish but are also satisfied with the service that is provided.

Satisfaction becomes the level of overall service which customers can measure from their experience and decide whether it meets their expectations or vice versa. Despite the unpredicted customer expectations, the restaurant is supposed to bring the optimum service for them. Not to mention, customers are not honest enough to reveal their needs so it is tough for businesses to forecast and anticipate the actual needs of their customers.

The writer has decided to make M&R Restaurant as the research object is located in Medan. M&R Restaurant Medan is specializing in Chinese food with the circle table style. The restaurant can be reached by phone and by online service platform. The furnishing in the restaurant displays an ancient vibe. It has a comfortable and tranquil atmosphere for gathering.

Below are comments of customers through Google Review, GrabFood in M&R Restaurant Medan.



**Figure 1.1 M&R Restaurant Medan Service Quality Review**

Source: Google Review & GrabFood (2022)



**Figure 1.2. M&R Restaurant Medan Food Quality Review**

Source: Google Review & GrabFood (2022)

From the review above, there are some problems regarding the service quality and food quality experienced by the customers at M&R Restaurant Medan. The complaints about service quality that raises are about the lack of service shown

by the staff. The staff is unfriendly and also the service is slow. Moreover, the restaurant does not pay attention to the requests of customers. Meanwhile, the complaints about food quality are about the food taste, incomplete food items, imbalance of flavor and small food portion.

All the problems show that the restaurant has not been able to provide the best quality in terms of service and food to customers. These can lead to a decrease in the level of customer satisfaction at M&R Restaurant Medan. The customer satisfaction has to be improved by M&R Restaurant Medan by providing satisfying service quality and food quality so that customer satisfaction could be attained and remain for long period of time.

According to the description above, the writer wants to examine whether service quality and food quality have an influence towards customer satisfaction at M&R Restaurant Medan. The writer decided to conduct research entitled “**The Influence of Service Quality and Food Quality towards Customer Satisfaction at M&R Restaurant Medan**”.

## **1.2 Problem Limitation**

Considering limited knowledge and time, the writer concentrates on 3 variables including service quality (X1) and food quality (X2) as independent variables with customer satisfaction being the dependent variable (Y). The writer limits the research object that will be conducted in M&R Restaurant located at Jl. Waja No.28/2-A.

## **1.3 Problem Formulation**

The formulation of problem for this research based on the background of study is namely:

1. Does service quality have partial influence towards customer satisfaction at M&R Restaurant Medan?
2. Does food quality have partial influence towards customer satisfaction at M&R Restaurant Medan?
3. Do service quality and food quality have simultaneous influence towards customer satisfaction at M&R Restaurant Medan?

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

The objectives of the research are namely:

1. To determine the partial influence of service quality towards customer satisfaction at M&R Restaurant Medan.
2. To discover the partial influence of food quality towards customer satisfaction at M&R Restaurant Medan.
3. To analyze the simultaneous influence of service quality and food quality towards customer satisfaction at M&R Restaurant Medan.

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

Several benefits of this research are categorized into two, such as:

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

This study outcome is likely to be a reference for future researchers on the same topic.

### 1.5.2 Practical Benefit

1. For the writer

The research outcome can bring a better comprehension for the writer of how quality of service and food influence customer satisfaction.

2. For the company

As an input for the company to improve their quality of service and food in obtaining greater customer satisfaction

