

CHAPTER I

INTRODUCTION

1.1. Background of the Study

These days, hospitality industry concerning in food and beverages sector has been a favorite for some entrepreneur. It can not be resisted that the reason behind this is they saw how profitable the return percentage was when selling food and beverages product. Besides that reason, the market itself also shows a huge interest in this kind of businesses, as we can see the instances, a lot of young man and woman have their breakfast, lunch, and dinner in a restaurant or café, and a lot of young people hang out with friends and grab some coffee with them, etc. Opening this F&B business isn't easy as it sounds, there is a lot of consideration that has to be considered before finally opening one, starting from the services, places, budget, menu, price, restaurant design concept and so much more. every consideration is crucial because it can lead to customer level of satisfaction whether low or high.

According to Zhong & Moon, (2020), The quality of service can significantly affect customer satisfaction, crucial to an organization's success. Theory above shows that service quality has a significant influence on customer satisfaction. In terms of this, the company must be able to show a high quality of services while serving the food and drink so the customer feels satisfied.

According to Konuk, 2018 fairness of food price has a substantial influence on the satisfaction of the customers. In this case, the company has to set a price that can be rationally accepted by the customer, so the customer is attracted to buy the products.

According to Khadka & Maharjan, 2017 Customer satisfaction can be well described as a detailed service/goods evaluation depending on buying experience and using it over the period. This theory shows that, the product or the services have to reach customer expectation and bring a good buying experience for them in order to make customer satisfied.

The object of this research is Ritz Café. Ritz café is located at Jl. Dr. Wahidin No.8, Kisaran baru, Kec. Kota Kisaran Barat, Kabupaten Asahan, Sumatera Utara 21215. The café is open every day and the operation hours start from 10am-12pm. This café is good to visit for doing assignment, hangout with friend, and meeting with people.

The following are the online review from Google review:

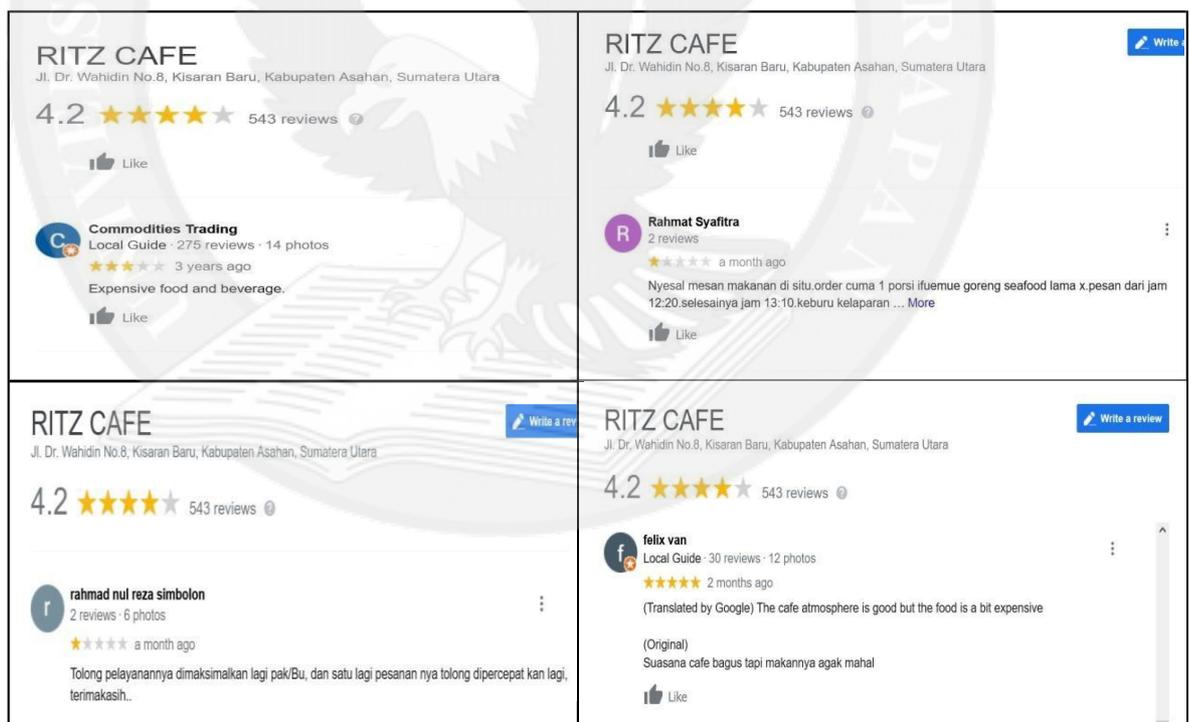


Figure 1.1 Online Reviews

Source: Google review (2019-2021)

Many factors can make it easier for the writer to measure the quality of services in Ritz Café Kisaran such as reliability, responsiveness, assurance, empathy, and tangibles. As we can see from the review above that the lack of service quality is coming

from responsiveness and empathy. as we can see from the review some order did not match with what the customer wanted and also inconsistency of time while serving the food to customer. in price factor there is affordability, competitiveness, food quality, and benefits, where the problem is coming from affordability and competitiveness. As we can see some customer feel that the price of the food is quite expensive and not affordable compared to other cafes that have a same business and same kind of food and beverages.

Based on the author's observation of their reliability, Ritz Café employees communicate and explain clearly about the order, and also they have accuracy in calculating customers' bill. Based on the responsiveness Ritz café employee did not serve the food quickly to customer and also the food process took quite a long time to be served. Based on assurance, the ambience that Ritz Café has to make customer comfortable and also the service the customer in a good manner. Based on Empathy Ritz café employees did not have a SOP while serving the food and Ritz café employees did not take a fast respond toward customer request. Based on tangibles, Ritz café does have a simple yet calm design and also the employees handle the seats for a guest with a good strategy.

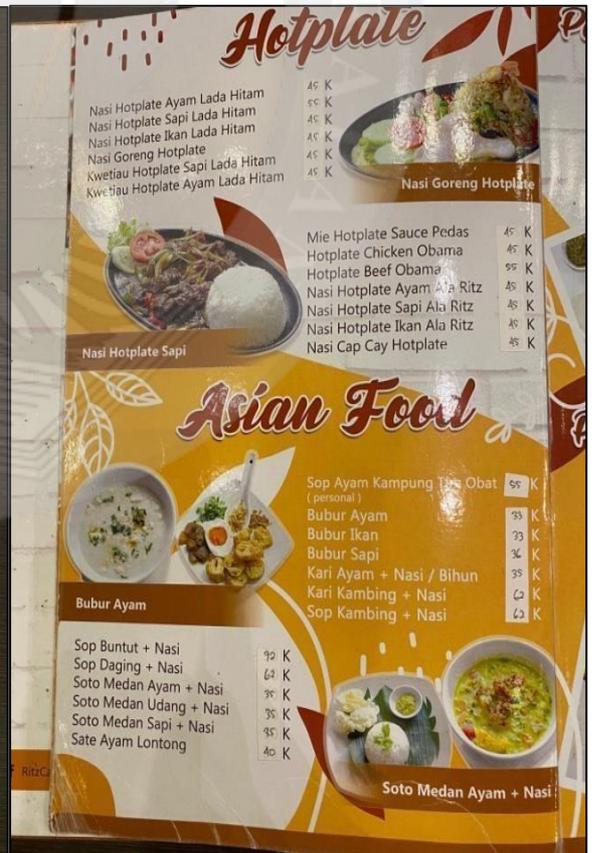
Based on the observation of their affordability, the prices set for food and beverages at Ritz café are not Reasonable and not affordable for the dish. Based on the competitiveness, the prices set at Ritz café are not affordable as other cafes. Based on the food quality, the price set at Ritz Café is in accordance with the quality of the food and the drink that they served and the price of the food is in accordance with the price that I pay. Last is based on the benefits,

Café, Kisaran.

Following are the price that is taken in Ritz Café, Kisaran:

Figure 1.2 Food Price

Source: prepared by writer (2022)



This research is done in Ritz Café because the writer wanted to know more about Ritz café and what is the problem that the café faces, what kind of complaints they received, what makes they get complaints from the customer, Because handle the complaints of the customer and the ability to solve it is an important task. Because it can make the customer got satisfaction and can maintain customer loyalty. Because customer is the one that can make our business successful. So if the problem can be solved, it can become a benefit for them.

Therefore, from the description above the writer has decided to make a research under the title **“The Influence of Service Quality and Price Toward Customer Satisfaction at Ritz Café”**.

1.2. Problem Limitation

To become more focus on this research and to know the problem limited resources more, the writer has settled the problem limitation of Service Quality and Price as an independent variable and dependent variable is Customer Satisfaction. Indeed, the writer also has settled the limitation for the place of the research that the writer only takes that place in Ritz Café.

1.3. Problem Formulation

As we can see from the Title and the Background of Study, there is reason by the writer that wish to do the research. The formulation of the problem can be concluded into several questions, which are:

- a. Does service quality have ^{xx} partial influence toward customer

- b. Does price have partial influence toward customer satisfaction at Ritz Café, Kisaran?
- c. Do service quality and price have simultaneous influence toward customer satisfaction at Ritz Café, Kisaran?

1.4. Objective of the Research

The objectives of the research are:

- a. To assess whether service quality has partial influence toward customer satisfaction at Ritz Café, Kisaran.
- b. To analyze whether price has partial influence toward customer satisfaction at Ritz Café, Kisaran
- c. To investigate whether service quality and price have simultaneous influence toward customer satisfaction at Ritz Café, Kisaran.

1.5. Benefit of the Research

The benefits of this research study are to know that Service quality and Price have big impact to satisfy the customer. This benefit Research can be divided into two, which are:

1.5.1 Theoretical Benefit

For theoretical benefit, the writer hopes that the final result of this paperwork or research can be used to help the future university student as their reference and information. Besides that, the writer hopes that this final paper works could give additional knowledge to a reader about Indonesia's Culinary Growth.

1.5.2 Practical Benefit

work, it could help Ritz cafe to improve its quality of services in order to increase the number of visitors to Ritz café and also it can become a consideration for Ritz café to set more reasonable price. Besides that, this result of work also can help the other company who have the same service quality and price problem.

