

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

In the hospitality business, there are many places and activities we can do around the world that we can see, hear, taste, smell or feel; especially during holidays or weekends. One of the business fields that is quite popular is the food business sector. Along with the times, innovations appear, new flavors appear, and new menus with unique names appear with an appetizing appearance. These all are created to attract the attention of the customers so that they can come or revisit the place. Yes, we can find these changes in restaurants, cafés, food stands, bakery, cake shop, and even street vendors which never stop to make customers attracted and fancy to come.

Among the food places that exist, one of the most popular sites is the bakeries or the cake shops. Those stores usually serve customers with a wide variety of bread and pastries that vary from affordable prices to high-end prices, from ordinary shapes to the ones that can attract the attention of others, Many people range from teenagers to adult will always want to spend their time hanging out with their friends there. As time goes by, more and more bakeries and cake shops are established; as well as the customer's behaviors that also

start to switch. As a result of the growth and emergence of the many bakeries and cake shops, customers become more demanding than before.

Hospitality industry is a wide industry that satisfies customers through service. Many companies are included in the hospitality industry such as, food and beverage service (restaurants, café, and so on), leisure sector, hotel, airlines, and many more. They are continuously providing the best food quality and the best service quality so that they can meet the customer satisfaction. As the market grows, many companies succeed in growing in the market, but some companies are going out of business. The problem is due to the incapability of the customers to attract new customers and retain the existing ones.

Facing the digital era, customers' behaviors and conduct gradually change, becoming more selective than before. Technology gives the opportunities for the customers to compare and contrast one product to another, their qualities, price, services, and also the feedbacks. Some companies even tried to draw the customers' attention by using different kinds of eccentric ideas and plans. Its focus must be to satisfy its customers. These unusual plans may include uncommon ingredients, tempting promo price, awesome bonus, and magnificent interior/exterior design.

One of the ways to meet customer satisfaction is by improving the food quality and service quality. Customer satisfaction is a measure of how satisfied a customer is with a product or with a service; in other words, it is the fulfillment of the customer's needs towards the product or service. It is

important to meet the customer satisfaction as it will affect the customer to visit the place again. In a market where the level of competition is quite high, customer satisfaction is indeed needed to maintain the stability of the business.

Many factors influence the customer satisfaction, such as product/food quality, service quality, and many more. In this research, the author has decided to choose Euro Premier Bakery, Cakes & Café as the research objective. Euro Premier Bakery, Cakes & Cafe was founded in the year 2002 at Wahidin Street Number 269 Medan-Indonesia. The main business is bakery products in the form of bread, cakes, and various market snacks, more than 40 types and contents of bread offered, and various cake models that are up to date according to consumer tastes for various events, and birthdays or weddings.

The quality of raw materials is a priority at Euro Bakery & Cakes, from flour to chocolate using imported or local premium brands, processing skills are also continuously improved by bringing in professionals from the capital and abroad. In 2011, Euro Bakery occupies a new, wider, and grander building located on Wahidin Street number 119/281, and changed its name to Euro Premier Bakery, Cakes & Cafe. Cafe is a new division of Euro Premier, Cafe provides western and oriental cuisine with a unique selection of deserts.

Over the years, Euro bakery has had quite a lot of customers and often gets new customers every month, but during the pandemic, in March 2020 their selling activities are decreasing, so they were thinking of some other ways to keep their business still such as reducing their bread and cake production,

reducing their orders of ingredients, and reducing their employees to cut their expenses. During these past six months, their activities are back to normal, although they are also quite under pressure for not having as many customers as they had once before Pandemic. So in order to keep the business afloat, one of the solutions that they made is working with and applying themselves with several online applications like GoJek and Grab.

As we know, Covid-19 Pandemic has had a huge impact on the economic cycle; trade business, and many other things that are affected. A lot has changed, be it in the system, cycle, and population, physical or mental; and this also affects the performance of the community. Forcing to think, forcing to go beyond the comfort zone, thinking about innovations. Thus, the author believes that the problem of the research is the satisfaction of customers, and he has to find out whether there is influence of food quality and the service quality towards the customer satisfaction. Therefore, the author would like to research “The influence of food quality and service quality towards customer satisfaction at Euro Premier Bakery, Cakes, & Café”.

1.2 Problem Limitation

Due to the limitation of resources and time, the author will do the research on 3 variables which include the food quality (X1) and Service Quality (X2) as independent variables and customer satisfaction (Y) as dependent variable at EURO Premier Bakery, cake shop, and café which is located at Wahidin Street Number 119/281. This research is quite limited and it's only for

the customers who have ever been to Euro Premier Bakery, cake shop, and café.

1.3 Problem Formulation

Based on the background of the study above, the writer identifies and formulates the following problems:

1. Does food quality have any influence towards customer satisfaction at Euro Premier Bakery, Cakes, and Café Medan?
2. Does service quality have any influence towards customer satisfaction at Euro Premier Bakery, Cakes, and Café Medan?
3. Do food quality and service quality have any influence towards customer satisfaction at Euro Premier Bakery, Cakes, and Café Medan?

1.4 Objectives of the Research

This research is conducted with the objective of:

1. Analyzing the influence of the food quality towards the customer satisfaction at the Euro Premier Bakery, Cakes, and Café.
2. Analyzing the influence of service quality towards the customer satisfaction at Euro Premier Bakery, cakes, and café.
3. To discover the influence of food quality and service quality towards customer satisfaction at Euro Premier Bakery, cakes, and café.

1.5 Benefits of the Research

In making a research, there must be some benefits that we can discover; the benefit in carrying out this research is that we could identify the influence of food and service quality towards customer satisfaction. It is subdivided into two benefits, namely theoretical and practical ones.

1.5.1. Theoretical Benefits

From the theoretical points, the research is expected to provide an insight to the company about the problems they are facing at the moment, especially problems related to the development of their business. The results of the study are expected to provide an overview for the company to be able to improve more quality of food and service towards their customers.

1.5.2. Practical Benefits

From the practical points, it is hoped that the author can understand the factual way of working to find the influence of food quality and service quality towards customer satisfaction. Besides, it is also hoped that the analyses of the research that the author conducted may help the company improve its business. Finally, the study of the research is also expected to be helpful for other researchers who are interested in doing the same study research in the future.