

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

Hospitality industry has been around since long time ago, and it is one of the main industries that has great impact on economies around the world. Its business includes food and beverage, lodging, tourism, and recreation. Hospitality industry deals with a lot of people who come not only from the same city or country, but also from different parts of the world. Hence, hospitality industry has suffered deeply from the ongoing Covid-19 pandemic as people stopped travelling and avoided visiting places with a lot of people thus causing the hospitality industry to collapse, which then caused the world economy to be disrupted as well. With newest technology and innovation, however, hospitality industry is slowly recovering by adjusting the operation system to the current situation and limiting the number of people in a room. All possible effort is made to maintain business continuity while still prioritizing customer's needs as the most important role in hospitality industry.

One of the businesses in hospitality industry that must prioritize the customer's needs is restaurant. It is because restaurants generate profit mainly from customers who pay for their food and service. Therefore, restaurants should make sure that all their customers are satisfied with not only the food and beverage, but also the service delivered. If customers are

satisfied with most aspects of the restaurant, they will most likely return to the restaurant. Thus, in order for a restaurant business to keep running and growing, customer satisfaction is one of the factors they must work on.

Having a high index of customer satisfaction will result positively towards a restaurant business. According to (Lestari & Suwitho, 2018), customer satisfaction is closely related to customer's expectation and the result received. Customer satisfaction is created during the purchase, the experience in consuming the product, until the period after the purchase. For that reason, it is very important that the restaurant meet the customer expectation or even go beyond it. The best way to meet different expectations of different customers is to always deliver the best service and food from the beginning of customer's arrival until the end of their period spent in the restaurant.

There are a lot of factors influencing the customer satisfaction, one of which is customer value. According to (Firmansyah & Fatihudin, 2019), customer value is the total benefit expected from certain product or service after the total cost to customer has been subtracted. It is also stated that customers who get a high value from the product or service purchased will be more satisfied. Hence, for customers to keep coming to the restaurant, they need to satisfy the customers by giving them high value. If the restaurant gives high value to the customers compared to what other competitors give to the customers, the customers will feel and gain more benefit from the restaurant than they will from competitors.

Besides customer value, one other factor that influences customer satisfaction is customer experience while in the restaurant. According to (Permadi & Silalahi, 2021), customer experience is the way a company creates remarkable experience when customers use its brand or products. In this case, it is how a restaurant builds amazing experience for its customers throughout the process of transaction. The experience discussed is not only about how the food and beverage are delivered, or how the food tastes, but also the overall relationship between the service provider and the customers in the restaurant. The better the customer experience is, the higher the customer satisfaction is.

Based on the statements above, both customer value and customer experience play major roles in influencing customer satisfaction. They all have direct relationship, so both customer value and customer experience need to be excellent to increase customer satisfaction thus helping a restaurant grows. However, many restaurants have quite difficulty satisfying their customers, one of which is Rasa Kita Seafood Medan.

Rasa Kita Seafood is one of the restaurants in Medan that sells Chinese cuisine located at Komplek Cemara Asri, Jalan Boulevard Raya No. 88E/88F, Medan. It is a family-owned restaurant that has been around since 2012. As there are a lot of other competitors selling Chinese cuisine now, Rasa Kita Seafood is still well known by people in Medan and is still one of the restaurants that people visit to eat Chinese food as can be seen from the crowds almost every night. As a Chinese food restaurant, Rasa

Kita Seafood offers a variety of Chinese cuisine and has several best-seller menus, some of which are *Bubur Kepiting*, *Tahu Homemade*, *Tahu Abalone*, *Kepiting Saus Padang*, *Terong Ebi*, and many others.

There are lots of various ratings and reviews given by customers to Rasa Kita Seafood in many platforms, one of which is Google. It has an overall 4.4-star rating with a total of 1,645 reviews. To maintain the reliability, however, only the last 2 years of ratings and reviews on Google Reviews are considered, with a total of 352 reviews. Many of them are 5-star and 4-star ratings, but it is undeniable that there are also some 3-star, 2-star, and even 1-star ratings.

**Table 1.1 Google Review Rating**

<b>Rating</b>	<b>Total</b>	<b>Percentage</b>
1-star	11	3.13%
2-star	7	1.99%
3-star	27	7.67%
4-star	63	17.90%
5-star	244	69.32%
<b>Total</b>	352	100%

Source: Google Review and Prepared by the Writer (2022)

From the ratings, most of the comments are related to the value of food that customers perceive and the experience they have while dining at Rasa Kita Seafood Medan. Some comments are wonderful, but some are dissatisfying. A few of the dissatisfying comments are summarized below to give a better understanding on the problems faced by Rasa Kita Seafood Medan.

**Table 1.2 Customers' Comments on Rasa Kita Seafood Medan**

<b>No.</b>	<b>Comments</b>
1.	Food tastes fine but they really need to settle the flies. Also, the workers need to be more proactive.
2.	Very dirty and so many houseflies.

3.	The taste is not as good as before. Very slow service. My cold sweet tea order wasn't even provided even though I have asked for 5 times. The waiter was busy chatting and playing on his cellphone. The waiter didn't even respond when being called. Not polite.
4.	Slow service. The drinks hadn't been served until the food was fully eaten. Workers weren't quick. The food is okay, but service needs to be improved.
5.	Some employees are not friendly.
6.	Slightly less variety than usual.
7.	The place is nice, but unfortunately, the food is not delicious.
8.	The food is taking too long.
9.	The crab lacks taste.
10.	The food was just so-so; very hot; no air conditioner. Not really recommended.
11.	Good food but I think the portion is too small referring to the price.
12.	Not tasty cuisine, service is not great.
13.	Food tastes pretty good. However, the order was served slowly and randomly, not sequential, and uneven at each table. There were even orders that were still not served when the meal was finished.
14.	The employee is not good; rather deaf.
15.	The taste of the food is already 30% down.

Source: Google Review and Prepared by the Writer (2022)

Despite the fame and delicious food that Rasa Kita Seafood has, there are some complaints delivered by customers towards Rasa Kita Seafood as can be seen above. Based on the preliminary research that the writer did with the owner of Rasa Kita Seafood, most of the complaints received from customers are indeed related to the time spent waiting for the food, which most of the time causes customer dissatisfaction as shown from reviews above. The owner claimed that it happens because they only prepare the food when there is an order for the food to maintain the quality and freshness, especially for crab. However, this seemingly little issue may affect customer's perception on the food and the overall experience at Rasa Kita Seafood, which then may lead to customer dissatisfaction towards Rasa Kita Seafood.

Based on the problems arise, the writer will do research to discover how customer value and customer experience can influence customer

satisfaction. The research will be entitled **“The Influence of Customer Value and Customer Experience on Customer Satisfaction at Rasa Kita Seafood, Medan.”**

## **1.2. Problem Limitation**

This research is conducted for Rasa Kita Seafood, Medan that is located at Komplek Cemara Asri, Jalan Boulevard Raya No. 88E/88F. There are a lot of factors that can influence customer satisfaction, such as servicescape, food quality, facilities, customer value, customer experience, and many others. This research, however, is subject to time and budget limitations, and therefore concentrates only on “Customer Value” and “Customer Experience” as independent variables and “Customer Satisfaction” as dependent variable. Due to the same limitations, the research is conducted only for a short term, the second half of the year 2022, and for Rasa Kita Seafood Medan. According to (Qomariah, 2021), the indicators for customer value are emotional value, social value, service/performance value, and cost value. In addition, according to Schmitt (1999) as cited in (Tusyanah, 2022), the indicators for customer experience are sense, feel, think, act, and relate. Furthermore, according to Hawkins (2007) as cited in (Fardiansyah, 2022), the indicators for customer satisfaction are conformity of expectations, interest of revisiting, and willingness to recommend.

### **1.3. Problem Formulation**

The problem formulation of this research is as follow:

- a. Does customer value have partial influence on customer satisfaction at Rasa Kita Seafood, Medan?
- b. Does customer experience have partial influence on customer satisfaction at Rasa Kita Seafood, Medan?
- c. Do customer value and customer experience simultaneously have influence on customer satisfaction at Rasa Kita Seafood, Medan?

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

The objectives of this research are as follow:

- a. To understand how customer value partially influences customer satisfaction at Rasa Kita Seafood, Medan.
- b. To investigate how customer experience partially influences customer satisfaction at Rasa Kita Seafood, Medan.
- c. To probe how customer value and customer experience simultaneously influence customer satisfaction at Rasa Kita Seafood, Medan.

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

The benefits of this research can be divided into two, namely:

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

The theoretical benefit of this research is to show that customer value and customer experience have influence on customer satisfaction.

This research is also conducted to increase understanding regarding the theories of customer value, customer experience, and customer satisfaction, and the relation of each variable, as well as improving the existing theories.

### **1.5.2. Practical Benefit**

The practical benefits of this research are as follow:

- a. For the writer, this research adds more knowledge and insight, especially in relation to customer value, customer experience, and customer satisfaction.
- b. For Rasa Kita Seafood Medan, this research aims to provide more information of how customer value and customer satisfaction influence customer satisfaction thus helping the company to increase its customer satisfaction.
- c. For other researchers, this research may serve as reference and additional information relating to customer value, customer experience, customer satisfaction, and the relationship of the variables.