

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Medan is a city that is very rapidly growing its economy. This can be seen with the many industries that have sprung up in the Medan City area. This also makes competition in the business industries world very tight to fight for consumers as market share. According to Griffin and Ebert (2007) in Suwarso (2018:101), business is an organization that provides goods or services for sale with the intention of making a profit. Internal factors or external factors in an organization (business) can affect both poor growth and business development. Judging from the needs of the industry, the food and beverage industry is no exception. Restaurant and café are also rising up in the city.

According to Sholilah (2020) stated that gathering or hanging out at cafes has become a habit for Indonesian people. The rise of the cafe industry has compelled business people to strive to comprehend consumer desires, requirements, and expectations in order to develop fresh ideas that set them apart from other firms in the same industry. The main goal of an organization (business) is the success of the business, where all the activities of the organization aim to obtain a success. The success of a business can be measured in various aspects, including from the business profit that has been achieved by entrepreneurs in a certain period of time. The success of a business can be known from the increasing scale of the business it has. The success of the business is identified with the development of the company.

According to Sianipar (2020) because the cafe market in Medan is now extremely competitive, a cafe that dares to innovate and stands out from other comparable businesses will grow more than a mediocre business. Currently, a cultural shift is to blame for the rising demand for cafe enterprises. Due to this cultural change, cafes are more widely accepted by the general population and became a needs and lifestyle that cannot be separated in people daily life because people need food and beverage to stay active and energetic for daily activities.

According to Cendikia Taqwin, et al., (2021) that the capital of North Sumatra is the city of Medan, which has a sizeable population. Due to the rising population, people of the town of Medan unavoidably have diverse lifestyles; as a result, they tend to spend more time away from their homes than within. Due to this contemporary mentality, business people must conduct their transactions at fast-foods restaurants and coffee shops.

As time goes by, there are some cafes performances that goes down and leaving bad impression to their customers. Starting from the quality of the product, service quality and atmosphere of the café. These factors are greatly impacts on consumers or customer satisfaction.

According to Irawan (2021:54) stated that customer satisfaction is a customer feeling in response to a product or service. If the customer is satisfied, then the customer will become a loyal customer and can improve the good image of the company's business. The customer satisfaction factor is very important for

businesses. Because when customers are not satisfied, consumers can turn to other companies or service providers.

**Table 1.1 Fountain Café Cemara Asri Customer Online Reviews**

Name (Initial)	Rating and Time	Statements
YA	1-star	Disappointed, I noticed the service chooses people, if the eyes are narrow, the response is fast, we seem to be ignored, even though we came first, The ice cream that is a favorite of the jack fruit here doesn't taste very fresh, The prawn fried rice was also very salty and asked the chef to marry him. hopefully the other fountains are not like here
	4 months ago	
AH	1-star	The waiter said rudely unfriendly, even asking for tissue paper on the table not to be delivered. Eating for plating there were fingerprints and very dirty dishes. When input was given, the clerk got angry and didn't accept it
	2 months ago	
WH	2-stars	The place has lots of mosquitoes..not comfortable
	3 months ago	
ML	3-stars	The food is nice, but there are many mosquitoes and the waffle the blueberries are not fresh
	6 months ago	
PE	3-stars	Of all the fountain outlets I've ever been to, this is the first time I've been disappointed. My favorite soto ayam is bland and not as hot as usual. The chicken curry too, as well as the black pepper beef. The black pepper beef has more onions and peppers than the meat. i am a loyal customers, thats why we already know the taste of the food in the fountain and we made fountain one of our fav restaurants. thats why we were surprised by the taste of the food we ordered here.
	11 months ago	
HD	3-stars	The fruit platter ice cream menu is right there and its sold out. Cleanliness is not maintained (there is a small fly flying in the glass window and cockroaches passing by the table), it is recommended that pest control be routinely carried out by a professional, because in the F&B business there are bound to be cockroaches, flies and even rats. smells of cigarette smoke in the air-conditioned/indoor room. Polite and good service
	5 months ago	
YAP	4-stars	when I came here.. There were lots of mosquitoes in the restaurant.. I hope this can be fixed
	5 months ago	

Source: Google Reviews (2023)

Quality is a state of constant change, for example, what is considered quality today may be perceived as less quality in the future. According to Ely (2021) product quality is a totality that has the characteristics of a product or service that can have the ability to meet needs that will be implicitly stated. Product quality must be maintained to attract new customers and keep them. Because customers will keep buying from us if our products satisfy them. In the long run, one of the key factors affecting revenue and profits is product quality.

The phenomena of product quality in this research are the quality isn't good enough to meet the expectations the standard of customers, such as the product was quite smelly, and the texture wasn't cooked enough. Based on some previous opinions, it can be concluded that product quality is an important factor towards the customer satisfaction and it requires to stay and upholding its standard quality, so the customers will be satisfied and coming back.

According to James Sambara et al (2021) stated that service quality is closely related to customer satisfaction where service quality will provide special impetus for consumers to establish long-term profitable relationships with companies so that this allows companies to understand carefully the expectations and specific need of consumers.

The phenomena of service quality in this research are the service is lacking and didn't meet the expectations the standard of the customers, which the server must service the customer with warm and nice. Based on previous opinion that have been stated, it can be concluded that service quality is one of the most important factors in running café which is if the service brings satisfactory towards the customers, they will be coming back. Meanwhile if they are not satisfied then it is considered as bad.

According to Barry and Evans (2018:464) store atmosphere are the physical characteristics that can show the image of the store and attract the customers. Store Atmosphere is another important factor that determines whether or not visitors will feel at ease there. Each shop has a different appearance be it dirty, attractive, grand

and gloomy. The atmosphere of the store aims to provide comfort to consumers and can be a special attraction for consumers. The area and layout of each interior item, as well as the temperature or temperature of a coffee shop, all have a big impact on how comfortable a coffee shop is. The decorations are soothing to the eyes, the music and volume chosen to match the theme of the decorations, there is no smell, and the area and layout of each interior item. In order to keep consumers coming back and draw in new ones, it is crucial to maintain the environment of the store.

The phenomena of store atmosphere in this research that the place got so many mosquitoes and flies. Based on previous opinions and everything that has been stated, it can be concluded that store atmosphere is an important factor in running café and it decides whether the customer will be satisfied or not.

According to Sugianto and Syamsuar (2020) where product quality does not have a significant effect on customer satisfaction, this means that the better the quality of the product provided does not necessarily make customers feel satisfied.

According to Sosrowidigianto (2022) service quality has a significant effect towards customer satisfaction.

According to Sholilah (2020), the better the café atmosphere that can be created, the more it will affect customer satisfaction which will increase.

According to the journal of “*Pengaruh Kualitas Produk, Kualitas Pelayanan Dan Store Atmosphere Terhadap Kepuasan Konsumen pada Cafe 3.AM Koffie Spot Manado*” by James Sambara, Hendra Novi Tawas dan Reitty Lily

Samadi (2021) shows that Product Quality, Service Quality and Store Atmosphere have positive and significant influence towards customer satisfaction.

According to the journal of “Effect Of Service Quality, Price And Store Atmosphere On Customer Satisfaction (Study On Cangkir Coffee Shop In Surabaya)” by Faries Hizrian Effendy, Khuzaini and Imam Hidayat (2019) stated that the service quality and store atmosphere have positive and significant on customer satisfaction

According to the journal of “*Pengaruh Kualitas Produk, Harga dan Kualitas Pelayanan terhadap Kepuasan Konsumen pada Café KO.WE.COK di Solo*” by Evi Laili Kumrotin and Ari Susanti (2021) shows that product quality and service quality has significant and positive influence toward customer satisfaction.

According to “The Effect of Café Atmosphere, Product Quality and Service Quality on Consumer Satisfaction at Premium Coffee Stations in Lhokseumawe City” by T. Edyansyah, Juni Akhyar, Rico Nur Ilham, Chalirafi and Sullaida (2022) shows that the atmosphere of the café, product quality and service quality have a significant effect on customer satisfaction

Based on the background of the problems described, the writer decides to do research with the title “**The Influence of Product Quality, Service Quality and Store Atmosphere on Customer Satisfaction at Fountain Café Cemara Asri**”.



## 1.2 Problem Limitation

The limitation of time and budget, in this research, the writer decides to conduct the research by setting up several limitations, such as firstly, the data of this research was gathered from the leader of Fountain Café Cemara Asri located at Jl. Boulevard Timur, Cemara Asri.

Secondly, the respondents were taken from the customers of Fountain Café Cemara Asri were located at Jl. Boulevard Timur, Cemara Asri.

The research will use three (3) variables, which are focused on: Product Quality, Service Quality and Store Atmosphere of Fountain Café Cemara Asri as variable X (independent variables) and its influence on the Customer Satisfaction as the variable Y (dependent variable).

According to Ernawati (2019) product quality is an important factor that influences every customer's decision to buy a product. Product quality indicator according to Tjiptono are color, appearance, size, temperature, texture, shape, scent and taste.

According to Arianto (2018: 83) Service Quality can be interpreted as focusing on meeting needs and requirements, as well as on timeliness to meet customer expectations. The indicator of service quality are tangibility, reliability, responsiveness, assurance and empathy.

According to Barry and Evans (2018:464) Store Atmosphere are the physical characteristics that can show the image of the store and attract the customers.

### **1.3 Problem Formulation**

Based on observation made by the writer during preliminary research in the café, the writer has formulated the problem from this research as follows:

- a. Does Product Quality have a partial influence on customer satisfaction at Fountain Café Cemara Asri?
- b. Does Service Quality have a partial influence on customer satisfaction at Fountain Café Cemara Asri?
- c. Does Store Atmosphere have a partial influence on customer satisfaction at Fountain Café Cemara Asri?
- d. Do Product Quality, Service Quality and Store Atmosphere have simultaneous influence at Fountain Café Cemara Asri?

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

Understanding the important role of Product Quality, Service Quality and Store Atmosphere in influencing Customer Satisfaction at Fountain Café Cemara Asri is the main goal of this research. Here are some objectives of the research that the writer has made to solve the problem in this study, which are:

- a. To evaluate whether Product Quality has a partial influence on Customer Satisfaction at Fountain Café Cemara Asri
- b. To investigate whether Service Quality has a partial influence on Customer Satisfaction at Fountain Café Cemara Asri
- c. To determine whether Store Atmosphere has a partial influence on Customer Satisfaction at Fountain Café Cemara Asri



- d. To discover whether Product Quality, Service Quality and Store Atmosphere have simultaneous influence on Customer Satisfaction at Fountain Café Cemara Asri.

## **1.5 Benefit of the Research**

According to objectives and problem found during the research, the writer has conducted that there will be two types of benefit generated, which are:

### **1.5.1 Theoretical Benefit**

The theoretical benefit of this research is to determine whether Product Quality, Service Quality and Store Atmosphere have an impact on Customer Satisfaction in a café or not. Moreover, this research is done to develop and update related to the theories regarding product quality, service quality and store atmosphere, customer satisfaction and the relationship between those variables.

### **1.5.2 Practical Benefit**

The practical benefit from doing this research are as follows:

- a. For the writer, the research helps the writer to get more insight, knowledge and to compare the theories in real-life setting and in understanding of product quality, service quality, store atmosphere and customer satisfaction
- b. For the restaurant or café, the research result is expected to be used as a guide to find out more on the customer satisfaction in how product quality, service quality and store atmosphere can affect customer satisfaction and overcome the issues faced.

- c. For other researchers, this research can be a reference for other academic work which is related with the topic of product quality, service quality, store atmosphere and customer satisfaction.

