

CHAPTER I

INTRODUCTION

1.1. Background of the Study

As a consumer in making purchases, we naturally expect the best product quality in order to meet our needs and achieve satisfaction. Consumers are becoming more aware of their right to good product quality as the economy, technology, and thinking power evolve, and consumer satisfaction is an intriguing topic to research. Many food and beverage industries end up competing for influence of the existing market share in this emerging global economy, such as by making good market strategies in order to satisfy consumers. Each restaurant's management should also be able to improve and keep existing customers. Furthermore, in order to continue to survive and compete in the market place, a restaurant's achievement must have optimal performance, which is determined based on how much the restaurant is able to innovate. Business plan that are effectively applied and planned will lead to a successful café with an affordable price in the eyes of consumers and good products to create satisfaction in the consumer's minds.

The food and beverage industry represents one of the strongest competitors in Indonesia. With the presence of various types of cafes in Indonesia, the number of competitors will increase, such as a café that provides similar types of food as other cafés with its own unique characteristics. As a

result, Indonesian cafes should be able to compete to growing fierceness. Most Indonesian cafes had also predicted this problem by enhancing the quality of their products and services, and they need to be able to keep the characteristics of the food they serve from their respective cafes, and also to analyze their food, so that consumers are always satisfied whenever they consume at the café.

As the competitors in the market in this industry tightens, companies should develop a strategy and make a strategic progression to succeed. As a result, the company should be capable of providing good products which are acceptable and permitted in the market. The company could affect the customer satisfaction through improving its own strategy of promoting new product, starting with attracting product, quality, and price that cannot be bought from the other company. Customer satisfaction is one of the variables that keeps businesses operating, which is the reason companies should keep improving quality and create strategies for attracting customers and keep them satisfied with the product. A product is something that a company offers to be bought and use by its customers.

Food quality is an important aspect and it has a significant influence on food & beverage growth. Consumers will choose cafés that offer good and high-quality products. (Panthi, 2018) claimed that the quality of food could have a positive influence on customer satisfaction. Customers' reviews of quality food, which include appearance, smells, and deliciousness, can influence their

satisfaction. According to (Wijaya, 2017) study at Yoshinoya Restaurant in Galaxy Mall Surabaya, stated that the food quality is considered one of the most important parts of a restaurant and is generally accepted.

Besides of food quality, price is also one of several factors that influence the customer satisfaction. According to previous research, price has a significant impact on customer satisfaction. Customer satisfaction can happen as a result of restaurants that provide food for a fair price (Wahyudi, 2018). This concept was augmented by (Situmeang, 2017), who declared that one of the factors that customers consider before buying a product is the influence of price with customer satisfaction. Customers could be unsatisfied if overpriced food is not accompanied by high quality.

Customer satisfaction, according to Kotler and Keller (in Tangguh, 2018), is the creation of customer emotions after having experienced or comparing the acquired performance as customers perceive it. Customer satisfaction is a respondent's awareness of a product as well as the characteristics of the product or service. Customer satisfaction is more crucial for businesses that create products than for businesses that offer services, according to Haverila and Fehr (2016).

D'Raja Coffee Multatuli Medan is one of several cafes that is widely known in the Medan area. It is one of the D'Raja Coffee Medan branches. For now, they have five branches in Medan and one branch in Pekanbaru. They not

only sell coffee, but also food. D'Raja is known for its quality coffee. As a result, everyone that visits D'Raja recommend D'Raja coffee and food.

D'Raja Coffee has become favorite choice for customers to enjoy their food or coffee while catching up with friends as the researcher conducts research on The Influence of Food Quality and Price on Customer Satisfaction (Case Study: D'Raja Coffee Multatuli Medan). D'Raja has become a well-known and well-visited cafe due to the high-quality of its food and drinks at affordable prices.

According to Reviews online and the writer's own observations at the company, there seem to be negative reviews about the quality of the food not satisfying consumer expectations and also the price of the menu which are uncomfortable for customers. As explained in the study's background, customers will be satisfied only when their expectations and demands are fulfilled.

D'Raja Coffee Multatuli Medan has a rating of 4.45 stars on Google Reviews, with 1,038 feedbacks. Customers consistently give the restaurant positive feedback. However, customer satisfaction has recently declined. The number of complaints collected by D'Raja Coffee Multatuli Medan from Google reviews illustrates this.

No	Rating	Comments
1.	1	The food is not good, the price is too high

2.	1	The food is not delicious
3.	1	The price is very expensive
4.	1	The place is okay, but the food is not delicious
5.	1	The food is half cooked
6.	1	I ordered nasi goreng, and the rice is very hard to chew. The price also not cheap
7.	1	So expensive, the food just so so
8.	1	Have a terrible experience, I ordered kwetiau and its so spicy and for the price is very expensive, which the taste I can get it from the street food
9.	1	The service is good, the place is cozy. But so expensive
10.	1	Food is not good; place is too noisy
11.	2	Nice place to hang out, but the price is quite expensive
12.	2	Had to ask the employee 3 times to take order, and I ordered chicken karage and the food is cold already
13.	2	Taste is terrible, place is not cozy
14.	2	Atmosphere and service is okay, price is quite high
15.	2	I ordered kwetiau which is 35k, and the taste just like another store which cost only 7k. So disappointing
16.	2	Good place for hangout, food just so so, quite expensive
17.	2	Taste just so so

18.	2	I ordered kwetiau which is 35k, and the taste just like another store which cost only 7k. So disappointing
19.	2	The place is okay for hang out, but the price is a little bit expensive
20.	2	Price is expensive, I ordered Nasi Goreng Luigi, the chicken katsu is very little and not crispy.
21.	3	Place is not comfortable; the price is average
22.	3	Its my first time to come here, but sadly the service is so slow, the price is expensive. The food just so so, but the place is cozy
23.	3	Food is not really good, affordable price, the place is nice for hangout
24.	3	Nice place, but the price is so expensive.
25.	3	Nice place, food is nice, the coffee is my favorite
26.	3	You guys need to order the avocado coffee!! It's so good
27.	3	Affordable price, the atmosphere is good
28.	4	Cheap price, but I ordered Jamur Goreng is so oily
29.	4	Nice place to have a coffee, but the service is slow
30.	4	Place, service, and food is okay
31.	4	Affordable price, but the food is not really good
32.	4	Food taste average, nice place to hang out

33.	4	The place is comfortable, but the food is just ordinary
34.	5	Yummy food, the place is very cozy
35.	5	Excellent service, good food, good place
36.	5	Nice food, service goes well.
37.	5	Ordered their avocado coffee, and it's very good but the price is quite expensive
38.	5	Worth your money, nice food and service
39.	5	Favorite places to hang out, sometimes the food taste is bad.
40.	5	Everything is excellent

Table 1.1 Customer Reviews and Comments Towards D'Raja Coffee Multatuli Medan
(Source: Prepared by the author 2023)

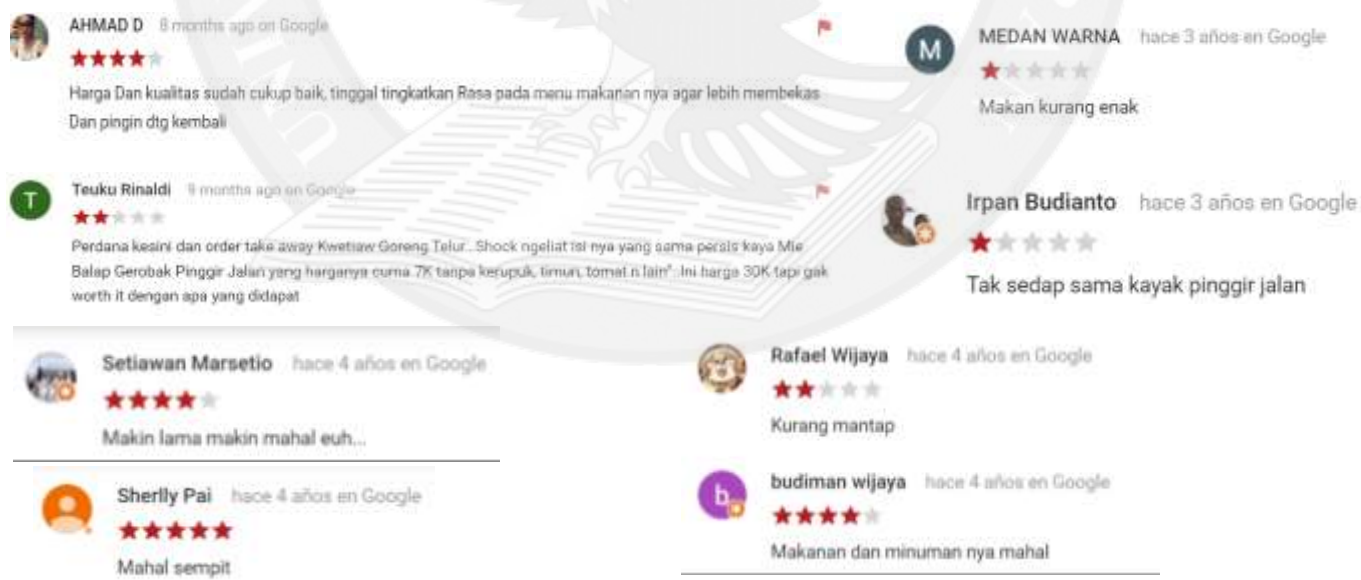


Figure 1.2 D'Raja Coffee Multatuli Medan Google Reviews

(Source: Google)

There are numerous cafes which have similar menu concepts with D'Raja Coffee such as Habitat Coffee Medan. The café's concept is cozy, with prices that are reasonable and delicious local and western dishes. Habitat coffee as a hospitality business satisfies various kinds of customer needs that have to be fulfilled not only with the flavor of the food but also with the reasonable price that they provided. Satisfaction is a key point in the hospitality sector. Since the writer observes that the café is not entirely aware of the food quality, and the price is not really satisfied when they consume at there, it can influence customer satisfaction.

The researcher often visited D'Raja Coffee Multatuli Medan for a snack or lunch with relatives and friends. Unfortunately, based on the author's observation, the researcher agrees with the one of the review sites mentioned above. Food is too pricey in this area. Denny, the restaurant's operational manager, stated that they had received complain on their pricing and their food. However, the researchers concluded that the food has a good appearance and temperature. Furthermore, the restaurant has two parts for indoor and outdoor seating arrangements, along with a good ambiance for hanging out. As a result, the author decides to conduct studies on the title **“The Influence of Food Quality and Price towards Customer Satisfaction at D’Raja Coffee Multatuli Medan”**.

1.2 Problem Limitation

There are numerous factors that influence customer satisfaction, such as place, quality of service, food quality, price, and many more. The author chose to limit the scope of the research by concentrating on the independent variables of food quality (X1) and price (X2), together with the dependent variable of customer satisfaction (Y). The research data is gathered from D'Raja Coffee Multatuli Medan, which is located at Jln. Multatuli No. 12-13, Medan, as the object of analysis. These variables have been selected because those who seriously influence customer satisfaction. As mentioned by, the indicators to analyze customer satisfaction (Y) are satisfied with food quality, value of satisfaction with price, and value of food quality with price (Ali et al., 2017). To analyze food quality are taste, texture, portion size, aroma, color, temperature, and presentation (X1) (Davis et al., 2018). Meanwhile, as cited in (Thevania Jesslyn, 2022), the price (X2) will be analyzed with competitive restaurant prices, reasonable price, convenient payment system, frequent special offers (Ali et al., 2018).

1.3 Problem Formulation

Based on the background research, the following problems are formulated for this study:

1. Does food quality have partial influence towards customers satisfaction at D'Raja Coffee Multatuli Medan?

2. Does price have partial influence towards customers satisfaction at D'Raja Coffee Multatuli Medan?
3. Do food quality and price have partial influence towards customer satisfaction at D'Raja Coffee Multatuli Medan?

1.4 Objective of the Research

The purpose of the study is:

1. To analyze how food quality partially influences customer satisfaction at D'Raja Coffee Multatuli Medan.
2. To analyze how price partially influences customer satisfaction at D'Raja Coffee Multatuli Medan.
3. To investigate how food quality have simultaneously influences price at D'Raja Coffee Multatuli Medan.

1.5 Benefit of the Research

This study is expected to yield benefits not just for education but also for business in terms of the influence of food quality and price on customer satisfaction. There are two types of benefit research from the influence of food quality and price on customer satisfaction at D'Raja Coffee Multatuli Medan.

1.5.1 Theoretical Benefit

For theoretically, the purpose of this study is to evaluate if either Food Quality and Price have an influence on customer satisfaction in the business. Furthermore, this research is intended to provide better understanding for restaurants about the importance of food quality and price in earning customer satisfaction at D'Raja Coffee Multatuli Medan.

1.5.2 Practical Benefit

The practical benefit of this research is:

1. For writer is to gain knowledge about how food quality and pricing influence customer satisfaction at D'Raja Coffee Multatuli Medan.
2. For company, in order to satisfy its customers and reach its market goal, researcher hope that the restaurant could consider about the food quality and pricing. This study will also be implemented as a feedback or overview for the restaurant's operations.
3. For other researcher, the research can be used as a reference for future studies on food quality, price, and customer satisfaction.