

CHAPTER I

INTRODUCTION

1.1 Background of Study

Medan is one of the third largest metropolitan cities in Indonesia which is one of the best tourist destinations of the archipelago. Because it is one of the best destinations of the archipelago, it has become one of the good opportunities for entrepreneurs to open businesses in Medan. The business that is currently developed in Medan is very diverse, from the food business, laundry services, property business, and photocopy business. With this business opportunity, competition will occur in the business

In the hospitality and tourism business, the product is not real (intangible) is closely related to manners or staff manners in providing services to customer (courtesy). A hotel with great building and facilities will still be judged badly by the guests if the operational staff has no manners or unpleasant body language while serving the guests. Intangibles can also be an impression of the business environment which is created (the business atmosphere) which as a whole is captured by guests. Therefore, it is mandatory for the company creating a safe, comfortable, reassuring atmosphere and invites a positive mood.

In the era of increasingly fierce business competition as it is today, demanding entrepreneurs as sellers of service products to have added value in each of their service businesses. Not only the speed and accuracy in service are important, but also hospitality in service. There is also a demand that must be

given by service businesses. Hospitality must be practiced from top managers, middle managers to lower staff without exception.

Culinary business has been developed for a long time. The more diverse culinary variety that is served and the growing number of cheerful culinary presents, has become a public attraction and become an attraction for researchers to examine the culinary business which is focused on one type of culinary namely Steamboat and Bak Kut Teh.

Steamboat is a food from China known as Hotpot, which is usually served with raw materials on a table with a mini gas stove with a pan containing soup on it with customers who cook their meals. But there are also servants who enter the ingredients into the soup. Whereas Bak Kut Teh is a food originating from the Malacca Straits Chinese culture. Bak Kut Teh is a pork bone soup (rib) cooked with spices and additives.

Right now Steamboat or Hotpot and Bak Kut Teh are becoming a trend in the field. The emergence of several steamboat restaurants or often known by the name Hotpot and Bak Kut Teh which shows that this culinary can be an attraction for the people in Medan. For this reason, entrepreneurs use various strategies to attract the interest of the community to enjoy Steamboat dishes. One strategy used is to promote through social media and collaborate with food delivery services such as Grabfood and Gojek.

The problem of service quality still found complaints from customers who visited restaurant Wang Steamboat and Bak Kut Teh Medan about employees who are often slow in providing services, employees who are not responsive in serving

customer requests, there are still complaints about food that does not fit the menu, employees who speak politely complained of by customers. This shows that the quality of service provided has not met the expectations of the customer. Problems in service quality are known from interviews with several customers and employees who perform services. This is the complaint data from 2017 – 2019.

Table 1.1
Complaint Data from 2017 – 2019

Years	Amount of Complaints
2017	16 complaints
2018	18 complaints
2019	12 complaints

Source: Wang Steamboat and Bak Kut Teh Medan

From the data in 2017 - 2019, it can be seen that Wang steamboat and bak kut teh has routinely complained in the last 3 years. This can be seen from the number of complaints that occur each year and shows that complaints from service quality. In 2017 there were 16 complaints, 2018 were 18 complaints and 2019 were 12 complaints.

Various complaints regarding the service to the restaurant Wang Steamboat and Bak Kut Teh Medan certainly caused the visiting customers to feel uncomfortable in enjoying the menus and services that are served. This will have an impact on the sales of the restaurant and will certainly make a turnover to decrease.

Customer loyalty is generally defined as part of a person's determination to use a product or service. With a positive attitude and customer loyalty will form consumer loyalty for the company.

In an effort to maintain and gain customer loyalty, the company must consider several factors. The factor that influences customer loyalty is the quality

of service from the restaurant. By getting a good quality of service, customers will want to return to the restaurant. Conversely with poor service, customers do not want to go back to the restaurant. Then it is understood that good service is needed in forming comfort and will be a loyalty of the customer.

Wang Steamboat and Bak Kut Teh Medan as the object of research in this study is a Restaurant located in Medan that sells Steamboat and Bak Kut Teh. Wang Steamboat and Bak Kut Teh Medan is located at Jalan Yose Rizal No. 75/125, Medan, Sumatera Utara. Their target market are parents, teenagers and also family. The writer believes that in running his business, Wang Steamboat and Bak Kut Teh Medan might be able to create a positive effect to serve customers well and potentially become sources of income in the future. Therefore, the writer decided to conduct research under the title **"The Effect of Service Quality Towards Customer Loyalty at Wang Steamboat and Bak Kut Teh Medan"**.

1.2 Problem Limitation

Because of the vastness of the problem, in this case writer limited the problem to the analysis of service quality of customer loyalty in Wang Steamboat and Bak Kut Teh Medan. With the limited knowledge and ability possessed by researchers in conducting research, the problem limitation for service quality with the indicators stated by Tjiptono and Chandra (2017,p.14) are reliability, responsiveness, empathy and physical evidence. The indicators for customer loyalty from Sangadji and Sopiah (2017, p. 105) are repurchase, the habit using a brand, provision on the brand, recommends brands to others.

1.3 Problem Formulation

Analyzing whether customer satisfaction has an effect Wang Steamboat and Bak Kut Teh Medan is the purpose of this study, therefore this study has several questions that must be answered:

- a. How is the service quality at Wang Steamboat and Bak Kut Teh Medan?
- b. How about customer the loyalty Wang Steamboat and Bak Kut Teh Medan?
- c. Does service quality have influence on customer loyalty at Wang Steamboat and Bak Kut Teh Medan?

1.4 Objective of The Research

The objective of this research is:

- a. To evaluate the influence of service quality at Wang Steamboat and Bak Kut Teh Medan.
- b. To evaluate the influence of customer loyalty at Wang Steamboat and Bak Kut Teh Medan.
- c. To identify whether service quality influence on customer loyalty at Wang Steamboat and Bak Kut Teh Medan.

1.5 Benefit of The Research

The benefits of writing this skripsi are:

1.5.1 Theoretical Benefit

The results of this study can be used to develop knowledge about loyalty theories of customers at Wang Steamboat and Bak Kut Teh Medan.

1.5.2 Practical Benefit

For companies, can find out whether the customer is satisfied with the services provided, if the customer is not satisfied then the company can improve more services and employees can improve their performance especially in providing services.