

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Globalization impacts nearly every aspect of the life of people. There are individuals who can learn to accept it, but there are individuals who still find it hard to embrace globalization or even to simply ignore it. In the current era of globalization the tourism sector is one of the largest and strongest industries in the world, because the tourism sector is a compelling contributor to income, especially in terms of the economy of the people and the country.

Tourism activities have become a part of people's lives in the city to the people in the village. In specific, the hospitality industry is one business that brings together products and services. Example of products sold are the design of buildings, interiors and exteriors of hotel rooms and restaurants, the atmosphere produced in hotels, rooms, restaurants and food beverages sold together with all existing equipment. While the services offered is hospitality in serving their guests through hotel or restaurant staff.

According to Tjiptono in Yuliati (2016) “*kualitas pelayanan merupakan upaya pemenuhan kebutuhan dan keinginan konsumen serta ketepatan penyampaiannya dalam mengimbangi harapan konsumen.*”

The definition can be explained as : service quality is an attempt to meet consumers ' requirements and desires and delivery precision to offset consumer expectations

In order to face intense competition, each restaurant must pay attention to customer or member satisfaction requirements and wishes. Customer satisfaction has attracted serious research attention in the recent past. General understanding of customer satisfaction or dissatisfaction is the result of differences between customer expectations and the performance. Many factors impact customer satisfaction, one of which is the quality of service. Service can be defined as any form of activity given

by one party or more to another party that has a relationship with the aim of being able to give satisfaction to the second party for the goods and services provided.

Satisfaction itself is identified as determining the commitment of someone to be loyal to a particular restaurant. Giving satisfaction to consumers is the best defense strategy against business competitors. Companies that have managed to keep their customers satisfied will gain competitive advantage and are almost invincibility in business. If guests are satisfied with their needs continuously through service quality, facilities and restaurant services, it is no wonder that these guests will have high loyalty to the restaurant.

Satisfied customers are usually more loyal, buy more often, and are willing to pay more to buy the company's products or services. As long as the criteria provided by restaurant employees are the same or even exceed what is expected by the guest, it can be said that the customer is satisfied and vice versa. Service quality is the main thing the business takes seriously, involving all of the company's own resources. Thus the conclusion of the quality of service is the customer's evaluation of comparing the performance of the company with the customer's own expectations.

ServQual is the concept most widely used by businesses around the world who are involved in customer service. When the first concept of this service dimension is created, there are 10 dimensions. After that, it is simplified into 5 dimensions, namely Tangible, Reliability, Responsiveness, Assurance and Empathy. If these five elements are met, guests receive what is known as customer satisfaction. Responsiveness, is the willingness of staff to provide responsiveness to customers and services. Insurance involves employees' understanding, ability, courtesy, and self-belief. Tangible, involves physical facilities, equipment, staff and communication facilities. Empathy including excellent communication, fully attention and critical thinking skill. Reliability is the capacity to instantly, correctly and satisfactorily deliver the promised service.

Services, according to Lovelock, Patterson & Wirtz (2015), are procedures (financial activities) that provide the recipient with moment, location, form, issue solving or experiential value.

Changes are continuous in the restaurant industry, and mostly occur quietly. These changes are motivated by demographic change, the needs of contemporary consumers and affected by the global economic crisis. Most retail businesses miss opportunities to obtain and/or maintain competitive benefits due to the invisibility of these market modifications. Often companies that miss these possibilities experience a decline in market share. The loss of market share also shows a decline in the amount of frequent and non-regular clients, slow turnover, lower profit, additional financial disadvantages and poor quality of service. When these firms become conscious of such a circumstance, they are generally unable to meet market demand without extensive studies and substantial investment. More proactive market-oriented businesses, on the other hand, can profit from adaptive ideas and rapid company decisions. (Ivkov *et al*, 2016)

The development of lifestyle and social demand for culinary services are becoming complex, creating more fierce competition and the limited space for the marketing of its peers, with a growing number of restaurants that appear, causing consumers have many alternatives and more selective in their choices. In addition to being able to sell products or services, marketing must also be able to introduce the best solutions to markets that are aimed in comparison with rivals.

Ayam Goreng Kalasan is one of the companies engaged in services with the business of serving Indonesian food and beverages. This restaurant was established in 1983, which is located at jalan Iskandar Muda No. 292-294 (Jalan Biduk), Medan. Ayam Goreng Kalasan has been trusted by many people in Medan with their tasty food and cozy environment that make them popular among citizen. In an effort to set up its business, Ayam Goreng Kalasan seeks to meet consumer needs, in the form of comfort and convenience while using the services of Ayam Goreng Kalasan. Ayam Goreng Kalasan tries to provide various facilities

that support this issue, so that all consumer needs are met and finally there is a sense of satisfaction after using the services of Ayam Goreng Kalasan.

The problem in this research is that whether the service provider has met the customer's expectations or not. Although, finding this restaurant is always crowded with customers almost every day, the researcher realizes there are still many shortcomings experienced for example the taste of food that is not always as delicious as sometimes tasteless or not consistent, the food presentation is sometimes different, limited parking space especially for car, or the employee serve with anger facial expression. In addition, Ayam Goreng Kalasan has also never conducted a survey related to customer satisfaction.

As mentioned in the above reason, the author chooses to investigate the connection between restaurant staff and their guests. The writer therefore decided to compile a final year project essay with the title **“The Impact of Service Quality Towards Customers Satisfaction at Ayam Goreng Kalasan Medan”**.

1.2 Problem Limitation

To clarify and limit the scope of the research with the aim of producing a systematic description, there is a need for problem restrictions. Limitations of the problem in this study for service quality elements are responsiveness, assurance, tangible, empathy and reliability. The customer satisfaction focuses on suitability of expectation, interest of repurchase and willingness to recommend. Since Ayam Goreng Kalasan has more than one store, the researcher limit on Jln Iskandar Muda No. 292-294 (Jalan Biduk) Medan.

1.3 Problem Formulation

Based on the description on the context of the above, the research issue in this *skripsi* is “Does service quality has impact towards customers satisfaction at Ayam Goreng Kalasan Medan?”

1.4 Objective of the Research

The research objective of this *skripsi* is to discover service quality has impact towards customers satisfaction at Ayam Goreng Kalasan Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

In theory, this study is anticipated to be helpful in answering to the issues that arise in the learning system as a source of data and to become the basis for the growth of learning media or the more developed implementation of learning media. Furthermore, this research may be helpful as a reference material for other learners to work on future assignments.

1.5.2 Practical Benefit

The practical benefits expected from this research are as follows:

1. For the writer

This research can provide an overview and knowledge about management and marketing, especially about the impact of service quality towards customer satisfaction in a restaurant.

2. For the restaurant

This research is expected to be used as a suggestion to give more attention about the aspect of service quality in order to run a bussiness.

3. For the other researchers

The results of this research are expected to be used as a source of references who concerned in conducting related research in the future.

1.6 System of Writing

The researchers compiled the writing with the following details:

Chapter I : Introduction

This chapter contains background of the study, problem limitation, problem formulation, research objectives, benefit of the research, and the systems of writing.

Chapter II : Literature Review

This chapter contains theoretical background, previous research, hypothesis development, research model, and framework of thinking.

Chapter III : Research Methodology

This chapter will describe the research design used, the object of research, the method of data collection performed and the method of data analysis.

Chapter IV : Data Analysis and Discussion

This chapter describes the overview of the research objects discussed in this study and describes the data analysis and the detailed discussion.

Chapter V : Conclusion

This section includes the conclusions of what has been described in the previous chapters, and also contains suggestions for improvement for research development related to this research topic.