

CHAPTER I

INTRODUCTION

1.1 Background of the study

Business won't exist without a customer. From time to time, Coffee Shops all over the world are growing so fast and competing with each other to get a customer especially in term of their service quality. Service quality has made a big influence for a food and beverages business since most of the business almost provide the same type of product, same type of atmosphere, and same prices. But, each establishment provides different type of service quality which could be a plus point to get customer satisfaction. Customer satisfaction is what customer expects to get from the service delivered, means that, if a restaurant can deliver the service that a guest was expected, then they'll achieve a customer satisfaction.

Some coffee shops can compete really well because they have the service quality standard based on Service Quality (SERVQUAL) scale that they set to increase the number of loyal customer. Satisfied customer are likely to become loyal customers and that means they are also likely to spread positive word of mouth . With a good service quality provided in the establishment, customer will feel welcomed and satisfied with their dining experience, which could have a big effect on the success of the establishment.

Service is an important thing in the business world particularly for a a hospitality industry since service is a type of thankfulness to clients. The quality of service has additionally turned out to be one of the contemplations for somebody who choose to purchase an item or utilize the service of an organization. Given the importance of progression of service for a business, it is important to consistently keep up our service to

clients. Service quality is an examination between the service perceived (perception) by purchasers with quality service that buyers expect.

In view of the assessment, it tends to be realized that the quality of service decides the accomplishment of want or client desires

According to Fandy Tjiptono Ph.D (2017) he stated :

kualitas jika dikelola dengan baik, memberikan kontribusi positif terhadap realisasi kepuasan dan loyalitas pelanggan. Kualitas memberikan nilai plus motivasi sebaya bagi pelanggan untuk menjalin ikatan saling menguntungkan dalam jangka panjang dengan perusahaan.

It can be explained if you provide a good service quality it can lead you to customer satisfaction and customer loyalty. It will also bring you to have a long term relationship with the organization.

A service quality is a result from customer comparison between their expectation about the service they will use and their perception about the service company. Customer satisfaction can be described if they feel pleasure with the service or product that offered. A pleasureable customer usually repeats order. The quality of service that fulfills customer expectation will gain the customer loyalty. This intention will make customers' favorable inclination a service relative to other firms offering the same service (Kaura, Prasad & Sharma, 2015).

Customer is an individual or a group of peoples that purchases a goods or services provided by a business. People always said customer is a king and they are always right. That's why we have to fulfill their needs as a seller in order to get a happy and loyal customer. It's not enough to just make them satisfied you should make them feel delighted to gain their trust. In the hospitality business, consumer satisfaction relies upon the service provider's capacity to convey service from their point of view. Their necessity could influence the shopper spending expectations.

Business organization and customer have a give and take relationship. Both of them dealt with services, seller as service giver and

customer as service receivers. That means sellers are the one who provide quality of services and customers are the one who are being offered. So it is very important for sellers to offer the best thing for customer because a customer expect to be treated equal to the amount of money they spend.

Nowadays, food and beverages industry are so competitive. If they don't have something particularly special they will lose one step behind. So it is so important for them to find their uniqueness among others. For example by creating new menu or providing a different services. It is about how you build a relationship with your customer, engage with them, fulfill their needs, and make them trust you with your products.

Starting from zero, the owner Wilson Hournyansa, a young entrepreneur who has a big dream decided to make his hobbies into a business. Since childhood he has already interested with coffee and he continued to pursue his knowledge about coffee. He stated a good coffee consists of good beans of coffee, good skills and also practices. The good thing about this coffee shop is the owner intervened on his own. This Coffee Locale Shop not only selling coffee but also so many kind of foods and beverages. The owner said in running food and beverages industry the most important thing is the service quality. A good service quality will be remembered always.

Mr. Wilson said food and beverages industry is very competitive, so many new cafe and restaurant coming up with different concept. Year after year has passed with ups and downs. He tried to find a solution, for example making a new menu every week and keep promoting also give briefing every morning and train the employees. He want to upgrade the service quality.

Nowadays customer is not really that much. Only few customers came and all of them were coming just for a cup of coffee. Mr. Wilson said the cafe was good first. He said maybe he should make something for attract the customer come. He mentioned about service quality the most.

After hearing the story the author asking for a permission to do a research. Mr Wilson agreed so the author decide to do a research in this place. Because the author wants to know what exactly a good service quality is and how it influences the customers.

Based on the problem above, the writer interested to make the final paper with the title of **“The Influence of Service Quality towards Customer Satisfaction at Coffee Locale Shop Medan”**

1.2 PROBLEM LIMITATION

This research is only focusing on discussing service quality in order to know what things can influence the satisfaction of customer in Coffee Locale Shop ,Medan.The indicator for variable X is Realibility, Assurance, Responsiveness, Tangibles, Emphaty. Indicator for Variable Y is Customer, Cost, Communication, Convenience.

1.3 PROBLEM FORMULATION

Does Service Quality really influence Customer Satisfaction at Coffee Locale Shop Medan?

1.4 OBJECTIVE OF THE RESEARCH

To know if Service Quality really influence Customer Satisfaction at Coffee Locale Shop Medan

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

The aim of this research is to know if Service Quality really influence Customer Satisfaction at Coffee Locale Shop Medan

1.5.2 PRACTICAL BENEFIT

1. This research goal is to make the writer to understand more on customer relationship especially on customer satisfaction.

2. This research is expected can be used for reference in other research.

1.6 SYSTEMS OF WRITING

The systems of writing in this final paper will be as follows:

Chapter I : Introduction

This chapter include background of the chosen topic, problem limitation, problem formulation, the objective of the research and lastly the theoretical and practical benefit of the research.

Chapter II : Literature Review & Hypothesis Development

This chapter includes the description based on the problem discussed about the theory of service quality, previous research, hypothesis development, research model and framework of thinking.

Chapter III : Research Methodology

This research includes the methods used to find out and answer the hypothesis that have been made. Starting from the research design as well as the sampling method, data collection method, Variabel operational and Measurement and the data analysis method.

Chapter IV : Data Analysis and Discussion

This chapters describes general view of company data analysis. This chapters also includes the result data from the SPSS programme.

Chapter V : Conclusion

This chapter provide the conclusion, improvement, and recommendation for improving on the research itself.