

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

The development of the intensity of competition and the number of competitors are making companies must always pay attention to the needs and desires of customers, and try to meet customer expectations by providing better service than what competitors do. This is because customers are more selective in choosing products to use or consume. In the current era of globalization competition in the domestic market as well international can be called very competitive. This is because many business competitors who are engaged in similar products or services.

Besides globalization is a reality that has real consequences for how people all over the world believe that the countries and local culture will be lost in the homogeneous global culture and economy. So that demanding that the community follow any slight changes has occurred. No exception to changes in one's lifestyle consume food now. Feeding activities initially only for fulfilling daily intake needs, but an increasingly modern era. Food consumption activities are also accompanied by satisfaction orientation or pleasure in the consumption activity itself. Food business is one promising business, because food is one of the basic needs for the community. Big cities become an attraction for entrepreneurs to do restaurant business. This is because people in large cities tend to be more consumptive.

The restaurant business is getting better inside development, because the opportunity to succeed in this business is very large. Restaurant businesses will have a long glory if managed well.

Quality is a condition where the product meets the needs people who use it, therefore human needs are dynamic, namely dynamic conditions related to products, services, people, processes, and environments that meet or exceed expectations.

Quality of service is an important factor and root that is capable provide satisfaction for its customers related to the results of behavior by word of mouth such as complaints, recommendations and exchanges or transfers customer satisfaction is part of marketing and play an important role in the market. Customer-oriented marketing strategies make companies have to understand behavior and meet customer needs to achieve customer satisfaction. Quality of service as an effort to create comfort for customers so that customers feel that they get more value than expected. Customer expectations an important factor, service quality that is closer to customer satisfaction will give more hope and vice versa. Service is the company's effort to always provide value that exceeds customer needs, desires and expectations (Hasan, 2016, p144)

Customer satisfaction or dissatisfaction is part of the experience customer for a product or service offered. Based on experience what he gets, customers have a tendency to build certain values. This value will have an impact on customers to do comparison with competitors of products or services that they have ever felt. If a company provides a good quality product or service, then it is expected to be able to meet customer expectations and finally be able provide maximum value and create customer satisfaction compared to existing competitors. Customer satisfaction or dissatisfaction as the customer's response to the evaluation of nonconformity is perceived between harapan before purchase and actual product performance that is felt after its use (Wilton in Hasan, 2016, p56). Customer satisfaction is a post-purchase evaluation, if customer satisfaction is achieved, customer loyalty will arise, therefore customer satisfaction is important for the company. Customers who are satisfied with a product of a brand, generally it happens that customers will continue to buy and use it. Nor is this close the possibility that the customer will notify others about his experience with the quality of the product that has been used. One way to achieve customer satisfaction is to improve the quality of service from the company itself. Service quality and customer satisfaction are important elements that must be accounted for in order to improve company goals. Customer satisfaction can be defined simply as where customer needs, desires and expectations are met through the products consumed.

The development of an increasingly advanced era has an impact on business, especially in the culinary field. So that makes the restaurant business have good prospects in urban areas, especially in the city of Medan. One restaurant that is currently experiencing fluctuations visit, namely Lekker Urban Food House Restaurant located in Putri Hijau Driving Range, West Medan City. Visit fluctuations from January to December 2018 are presented in Table 1.1

**Table 1.1**  
**Development of Number of Customer Visits at**  
**Lekker Food House Restaurant June 2018- Feb 2019**

Month	Number of Customer Visits	Description
June	2985	Dirty furniture or cutlery
July	2999	Dirty toilets
August	3044	Unsatisfactory service
September	2978	Dishes that are not according to order
October	2887	The waiter takes the eating and drinking equipment before his time
November	2768	orders come too long
December	2998	wrong order
January	2530	unfriendly employees
February	2116	the menu is too salty

Source: Lekker Food House, 2018

From data it appears that there was a decrease in visits of guests who came to the restaurant due to various complaints submitted by visitors.

The dominant complaints are conveyed such as the presentation of food that is too long, so that customers wait, the employees are less responsive at the customer's request, and the hours of operation of the restaurant are not in accordance with the information. Companies must know as well anticipate clearly what is consumers need and want, so companies can implement that strategy right to handle customer complaints, improve better service, and can compete in market segmentation existing, so that the company's goals are achieved and can develop in the future (Lubis and Andayani, 2017, p233). The quality of employee service to customers influentially asymmetrical about customer satisfaction, where poor service results greater customer satisfaction than categorized services well.

Implementation of strategies with the best categories will increase satisfaction and customer loyalty is greater than no relational marketing which is conducted. And conversely the implementation of the strategy is in the worst category will reduce customer satisfaction and loyalty greater than no there is relational marketing done (Dimas Sigit and Oktafani, 2014)

Based on the background above, the researcher is interested in choosing the title **“The Impact of Service Quality Towards Customer Satisfaction at Lekker Urban Food House Putri Hijau Branch Medan”**

## **1.2 PROBLEM LIMITATION**

The research is conducted at Lekker Urban Food House Putri Hijau Branch Medan which located at Jl. Putri Hijau No.1, Silalasa, West Medan, Medan City, North Sumatra. This study emphasized on independent variable employee service quality and dependent variable the customer satisfaction. This study was conducted to examine the effect of employee service quality to customer satisfaction. According to Tjiptono (2014, p95) There are five main dimensions arranged in the order of relative importance as reliability, responsiveness, assurance, empathy, physical evidence (tangibles). According to Hasan (2016, p68) Indicators of customer satisfaction are: overall customer satisfaction, dimensions of customer satisfaction, confirmation of expectations, interest in repurchasing, willingness to recommend. The required target population for the research is available in the study area. The research focuses on financial statements and the consumers of the company. Time and convenience is also another factor that necessitated the chosen area as the researcher combines administrative work with the research work. In all 120 respondents were used for the research.

## **1.3 PROBLEM FORMULATION**

Based on the description above, below are some of problems that occur in the company which writer needs to analyze:

1. Does service quality impact to customer satisfaction at Lekker Urban Food House?
2. How is the influence of service quality on customer satisfaction at the Lekker Urban Food House restaurant?

#### **1.4 OBJECTIVE OF THE RESEARCH**

The study will achieve the following objectives:

1. To test and examine the effect of service quality by Lekker Urban Food House towards the customer satisfaction
2. To examine the future's recommendation for the management at Lekker Urban Food House

#### **1.5 BENEFIT OF THE RESEARCH**

The benefits of this study are divided into two, namely theoretical and benefits practically.

##### **1.5.1 THEORETICAL BENEFIT**

Theoretically, to writer and reader, the result of this research is expected to be a reference or input for the development of communication science and increase the study of entrepreneurship, especially to determine the effect of service quality to consumer satisfaction

##### **1.5.2 PRACTICAL BENEFIT**

Practically, to the company, the results of this study are expected to be input for Lekker Urban Food House especially in decision making to determine company policy, helping Lekker Urban Food House solve its problems, increase sales and influence consumers to visit the restaurant. And for others this research is also expected to assist other parties in presenting information to conduct similar research

## 1.6 SYSTEMS OF WRITING

In the systematics of writing, the author will briefly describe the chapter by chapter in sequence. The order of writing the chapter to be presented is as follows:

Chapter I : Introduction

It is the outline, the direction of purpose, and the encouraging research grounds the authors do research and include: Background of the study, Problem limitation, Problem formulation, Objective of the research, Benefit of the research (Theoretical and Practical benefit) and Systems of writing

Chapter II : Literature Review and Hypothesis Development

Explaining further about the theory on which the author is based, which cover: Theoretical background, Previous research, Hypothesis Development, Research model and Framework of thinking

Chapter III : Research Methodology

Describe about: Research design, Population and sample, Data collection method, Operational variable definition and variable measurement, Data analysis method.

Chapter IV : Data Analysis and Discussion

Describe about: General view of “Research Object”, Data analysis (Descriptive statistic, Result of data quality testing and Result of the hypothesis testing), Discussion

Chapter V : Conclusion

Describe about: Conclusion, Implication and Recommendation