

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Services are considered as one of the main factor within hospitality industry in which helps to determine the importance of satisfaction and comforts towards the customers. Hospitality industry is a service based industry that categorized into food and beverages, accommodation, entertainment as well as transportation. Services also tend to indicate the reasons why customers would revisit certain business due to set a standard quality services in order to achieve customer satisfaction.

It is known that services quality able to indicate the capabilities and improve the performance of the business based on customer reviews. When the business received the support to implement the plan for improving service quality, there would be benefits gained towards the business itself such as customer satisfaction and enhancement within employees' performances. Although services are impossible to be measure, however, it can be identified based on customer loyalty, the amount of customers which give out positive impacts towards the business based on the services or products provided.

Examples of service quality such as building connection, be sociable and be open-minded between customers and employees would help the business to improve by sharing the inadequate and gain the feedback from the customers whether in which areas needed to be improved in the future. Moreover, quality is also known as the main component towards hospitality industry since it is the factor that leads to profitability within business sectors. Quality could lead a long-term loyalty towards the customers and have the opportunities to compete over the competitors.

According to Morley, M. (2018), there are four main factors lead towards good service within hospitality industry. First is being prompt,

which means to take care of customer's needs in an appropriate time such as not letting customers feel awkward by keep reminding the employees about their orders or requests. Second is being friendly, which means to be friendly, welcoming service by giving genuine interest towards customers such as employees ask customers about their day, help them make food choices and give customers compliments. Third is being available, which is giving the opportunity towards customers in case if requests are needed. Just by being visible, employees would make customers feel they are having a better experience because they know if they need something, you're right there, available to help. Fourth is being exceptional, which is customers get good food and satisfied services beyond the exceptional such as willing to make special creations for guests, offering them drinks to go and bringing sweets after dinner.

Ayam Penyet Joko Solo Medan is a traditional concept restaurant which serves Indonesian cuisine. Their local delicacies can be enjoyed for every age. Ayam Penyet Joko Solo is consider as a pretty wide brand name in Medan. Although Ayam Penyet Joko Solo has 9 branches in Medan, however, in this research, Ayam Penyet Joko Solo that will be used would locate at Jl. Putri Hijau, also known as Merak Jingga, since it is located in the center of the city and most often it's more crowded compared to the other branches.

As through this research, there are strengths and weaknesses within Ayam Penyet Joko Solo Medan itself. The positive of its services are the employees would repeat the orders after customers chose the food and beverage selections and the employees also ask the customers to make sure all of the orders are completed after serving the last order towards the customers. As for the lackness of its services such as welcoming customers, accompany customers to their seats, the quickness of the food being cooked and how employees sometimes didn't handout menu or ask for orders towards the customers especially during busy hours in which as if not giving a good reputation based on customers' expectation. With this

problem, the business should quickly solve its lackness rather than maintain giving bad experience towards customers during visit.

The goal of this restaurant is to improve its service quality and to make sure that each of the customers has achieved it in order to fulfill customer satisfaction. Moreover, it is also important for Ayam Penyet Joko Solo itself to increase its demand for the customers to visit. This is due to many competitors within the same variations of traditional food styles that start to expand more and compete to gain more customers such as Ayam Penyet Ria, Ayam Penyet Jakarta, Ayam Penyet Surabaya, Ayam Penyet Cobek and more.

Therefore, the writer decided to conduct research with the title of **“The Impact of Service Quality towards Customer Satisfaction at Ayam Penyet Joko Solo Merak Jingga Medan.”**

1.2 Problem Limitation

In this research, it will conduct only variable X, which is service quality. As for the variable Y, which is customer satisfaction, the researcher will focus on the customer satisfaction level at Ayam Penyet Joko Solo Merak Jingga Medan. With this, it helps to improve the services needed within in order to improve the business performance within the future.

1.3 Problem Formulation

The problem formulation in this research tends to know and understand whether service quality could lead towards customer satisfaction. With this, it could also conduct and analyze that the restaurant could improve its services based on certain factors. There is some research question for this research, which is:

1. Is there any effect of service quality towards customer satisfaction at Ayam Penyet Joko Solo Merak Jingga Medan?

1.4 Objective of the Research

The purpose of this research is:

1. To know if there is any effect of service quality towards customer satisfaction at Ayam Penyet Joko Solo Merak Jingga Medan.

1.5 Benefit of the Research

In this research, there are some benefits. The followings are:

1. To understand the importance of service quality within food and beverages industry.
2. To understand the importance of customer satisfaction towards the food and beverages industry.
3. To understand the relation between service quality towards customer satisfaction.

1.5.1 Theoretical Benefit

In this research, theoretical benefit can contribute many impacts, such as:

1. For the researcher, the benefit would be to obtain the evidence and proof that there is a relation between service quality towards customer satisfaction.
2. For the readers, the benefit would understand the basics of this research and develop the knowledge of knowing the importance of maintaining the service quality in order to achieve customer satisfaction.
3. For the next researcher, the result of this research may help to guide and taken as a reference.

1.5.2 Practical Benefit

In this research, practical benefit towards the food and beverages industry would lead into better operation within the employees, Services Department as well as F&B Department. Therefore, the benefits for the company based on this research are:

1. The result of this research may help the business to improve its service quality that could increase its performance.
2. The result of this research may lead the business to aware more towards the customer expectations.
3. The result of this research may help the industry to prioritize the customers more and achieve customer satisfaction.

1.6 Systems of Writing

For better understanding, this report would be grouped into subchapters and a brief overview of the content in this research.

CHAPTER 1: INTRODUCTION

On the first chapter, it starts with the introduction which explains briefly about the background of the study, followed by the problem limitation explaining the specific problem indicated within this research not to be wide, followed by the problem formulation which giving questions that will be answer within the research, followed by objective of the research which to indicate the points that require to be focus for this research and lastly is benefit of the research which explain the benefit of doing this research in which would give an advantage towards future researcher and other parties.

CHAPTER 2: LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

On the second chapter, it starts with explaining briefly about the theoretical background such as definitions, the indicators and the influence of service quality towards customer satisfaction followed by at least five previous researches which shouldn't exceed more than five years. Nonetheless, there are also hypothesis development, research model and

framework of thinking which describe the two variables of the analysis in this research.

CHAPTER 3: RESEARCH METHODOLOGY

On the third chapter, starts with research design which discuss about the types of research that used for this research, followed by the population and sample that shows the population would be the customers who dine-in at Ayam Penyet Joko Solo Merak Jingga Medan on April 2019 and for the sample, it will be using convenience sampling within this research, followed by data collection method indicate what type of research instruments that will be used to do this research, followed by operational variable definition and variable measurement which shows the scale measurement used for this research and lastly data analysis method that explain more about the analysis based on the data collected.

CHAPTER 4: DATA ANALYSIS AND DISCUSSION

On the fourth chapter, it starts with explaining more about the background of the company in general, the vision and mission of the company itself as well as its organizational structure, following with brief job description. Moreover, followed by the result of data quality testing needed to be tested in order to check the relation between variables such as validity test, reliability test, descriptive statistics statistic that shows the mean, median, mode, variance and its standard deviation as well as analyze the data based on the questionnaires collected such as respondents' identity and the data collected regarding service quality and customer satisfaction, normality test, linearity test, simple linear regression test, correlation test and determination test as well as the result of hypothesis testing such as z-test and lastly by discussion, in which the conclusion of the results and determine whether independent variable (X) has an affect towards the dependent variable (Y).

CHAPTER 5: CONCLUSION

On the fifth chapter, it starts with explaining more regarding the result collected and whether service quality has an effect towards customer satisfaction. Followed by the implication of the research paper as well as giving recommendation towards the company in order to improve its business.

