

CHAPTER I

INTRODUCTION

1.1. Background of Study

Customer satisfaction is one of the most important things in maintaining a great business. In addition, customer satisfaction has becoming one of the most important goals for any company seeking a long-term relationship with its customers.(Ngo, 2016).

Customer satisfaction is a measurement that determines how happy or how satisfied the customers are. It could be from the services, the products, the price and location of the business. Customer satisfaction could be measured by survey, ratings and interview as well in order to help the company to improve their products and services.

Customer satisfaction is a mental state that compares the outcomes of pre-purchase customer expectations to post-purchase performance perceptions. (Paul, 2016).

Service quality have been known to be an important aspect in a business in order to help the company to satisfied customers, increase company's profit and customer retention.

Service quality is one of the indicators of customer satisfaction that could help a company to reach out to more new customers and leave good reviews or impressions on customers that will create customer retention.

Customer retention refers to the activities and actions that businesses and organizations take to reduce the number of customers who leave. (Galetto, 2015).

According to Miao and Bassham (2006), service quality is an organization's efforts to provide a pleasurable experience that will encourage customers to return to a specific establishment and, hopefully, become loyal patrons (Collins, 2017).

One of the main reasons of customer satisfaction is the service quality from the company. If the service is good it could satisfy customers demand and when it reached their satisfaction they will come back again and make another purchase in the future.

They also might share the news about the company and will attract new customers, and it will lead to a great business for the company. However, if the service is bad or couldn't satisfy the customers, it will leave a bad impression on customers and it won't satisfy customers need so they might not come back and be a loyal customer to the company.

According to Parasuraman et al., (1985), as cited by (Hussain, 2015), if services are received as expected, service quality is satisfactory; however, if services exceed their expectations, customers will be delighted and perceive service quality as excellent; and vice versa.

As a result, both service quality and customer satisfaction are critical in business for reducing churn, increasing revenue, and attracting new customers.

A lot of new café and restaurant have opened their businesses but closed in a short time due to bankruptcy. Service quality is believed as the key to keep customers satisfied that will create customer loyalty. Customers who are satisfied will come back and make next purchase that will help the sales and profit of the company. This theory is proven by (InterActive, 2019)'s article with statement of if your team or employees do not master the job desk, having a minimal skills or have bad service to customers, customers will give a poor assessment of your restaurant and giving training will help the employees to serve an excellent and professional services towards customers.

Some customers' complaints that the service from Ben's Café is really bad because the customer bought a voucher from online but the employee said the voucher can't be used and didn't understand about the cooperation with the online application. Another complaint from other customer is that the dishes are not that plentiful. These reviews is provided by (Traveloka)'s article on website.

In this study, the writer wants to know how the quality of service can affect customer satisfaction, so that the business could perform better. The subject of this research is to reach customer satisfaction through the company's quality of the service that could affect the company's business.

Ben's Café is an Indonesian café based on Medan. Ben's Café was founded on May 14, 2014, in Dr. Mansyur Street, Medan. Ben's Café Medan is managed by a husband and wife, namely Ir. Ruben Simangunsung and Ir. Mawar Nauli.

Ben's café provides live music every night of the week which can be enjoyed with friends, family and business associates. Ben's café also provides a large parking area.

The price range at Ben's Café start from Rp.15.000 to Rp.95.000. Ben's Café provides 2 floors both outdoor and indoor with a comfortable and simple atmosphere and decorations with dim lights.

According to the writer's view, Ben's Café is classified as high class café because Ben's Café is quite large compared to normal cafes and the price of Ben's Café is also not too cheap.

From the writer's review of the cafe, Ben's Cafe menu is really interesting. Start from appetizers to the main dish, such as salad, toast, pasta until tenderloin steak. It also provides Indonesian food such as fried rice, fried noodles, fried banana, otak-otak and more.

According to the accounting staff of Ben's Café, many people who pass by Ben's Café would think that the business is not open yet and on weekdays there are not too many customers. The highest level of customers is on Saturday nights when there is a live band event.

Ben's Café used to have around 30-40 employees before COVID-19 but due to the pandemic, the management systems have changed and the employees have been reduced to 20 employees.

Due to COVID-19, people have been encouraged to carry out large-scale social restrictions causes a lot of people to stay at home, not going out as much as how they used to be resulting in a lot of businesses becomes a lack of customers.

In this study, the writer wants to find out if customer satisfaction could help the business to stay operates even when COVID-19 is spreading around in this city of Medan. Therefore, that is the main reason for the writer to do research whether if the service quality could influence customer satisfaction.

1.2. Problem Limitation

This research has some problem limitations in order for the discussion will not be too wide. Here are some limitations on this study:

- 1) This study will only be focusing on how service quality from Ben's Café could influence customer's satisfaction with indicators of service quality which includes reliability, responsiveness and assurance indicators (Qualtrix, 2020).
- 2) This study talk about how important satisfaction from a customers in maintaining a good business with indicators of customer satisfaction which includes quality of product, quality of service, product prices, efficiency and willingness to recommend indicators (Warsito, 2020).

1.3. Problem Formulation

- 1) How is the customer satisfaction in Ben's Café?
- 2) How is the service quality in Ben's Café?
- 3) Does the service quality influence customer satisfaction in Ben's Café?

1.4. Objective of the Research

To find answers or solutions to the problems, here are some purpose or research objective in this study:

- 1) To learn more about the impact on customer satisfaction of service quality.
- 2) To learn and measure service quality in Ben's Café Medan
- 3) To understand the relationship between service quality towards customer satisfaction in Ben's Café Medansa

1.5. Benefit of the Research

There are two types of benefits from this research. The first one is the theoretical benefit and the second one is the practical benefit. Both benefits will have the contribution in the society in order to help people in understanding more about the study case of the research.

1.5.1. Theoretical Benefit

- 1) For the writer, this research is used to help the writer in understanding the relation between service quality and customer satisfaction.
- 2) For the readers, this research could help by giving ideas, advice or as guidelines for others who are doing research regarding service quality and customer satisfaction.

1.5.2. Practical Benefit

In practical benefit, it could help the company to understand more about customer satisfaction. It also could help the company to gain more ideas and apply the study inside the company to improve their service quality towards the customer in order to gain customer satisfaction. This study could also help the writer to understand more about customer satisfaction and also could apply this study if the writer might start a business in the future. This study could also be a guideline for other researchers to do their research study about service quality and customer satisfaction.