

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Service industry grows unexpectedly fast and quicker than the shift of economy from agriculture to manufacturing. The share of world's GDP (Gross Domestic Product) falls to service sector, not only growth in economy and employment but also the worldwide trading pattern (Buckley & Majumdar, 2018).

According to Buckley & Majumdar (2018), the connection between services development and overall economic development has grown stronger in the previous twenty years as services normal contribution GDP and worth added increased. In 2015 service value represent 74% of GDP in high-income countries from the previous 69% in 1997. Even in low and middle-income countries, it leaped from 48% in 1997 to 57% in 2015.

The tracking for service economy, which directs the specialization in the help ventures, is one of the freshest monetary ideas that guarantee the acknowledgment of the economic development. The selection of this type of economy will permit nations to change the components of their financial norms in a positive manner (IvyPanda, 2019).

Late year of 2019, discovered a contagious disease in Wuhan, Hubei province, and named novel coronavirus or Covid-19. World Health Organization conducted IMST (Incident Management Support Team) to handle the outbreak happening on Wuhan. The Covid-19 is in the same family virus with SARS

(Severe Acute Respiratory Syndrome) and MERS (Middle East Respiratory Syndrome), the disease transmission, infection and prevention are also the same. The symptoms of Covid-19 are fever, cough, short of breathes, muscle ache, fatigue, headache, loss of smell and taste, and others that similar to influenza. According to Centers for Disease Control and Prevention, Covid-19 and influenza are not the same, although both disease attack respiratory system and contagious, Covid-19 cause by coronavirus (SARS-CoV-2) while influenza infected by influenza virus and Covid-19 spread more easily than influenza.

The food and beverage business draws in itself in the arrangement of food and refreshment, fundamentally to individuals who are away from their homes for different reasons. Such individuals need convenience with food and drinks in the event that they are away for a brief length of time. The essential necessities of customer for food and refreshments are met by the foodservice business. The food and drink service is a part of service-oriented hospitality area. It tends to be essential for a huge inn or the travel industry business and it can likewise be run as an independent business (Chaudhury, 2019).

Food and Beverage industry got the hardest impact by Covid-19, from 17 cities, 13 cities had a significant loss profit per day (Moka, 2020). Demands of food products in eatery places turn to sharp declining, as retail sectors food product rose sharply, not only that, food insecurity also drastically increased (Reichman and Tobin, 2020).

Customer has standard expectation of the service they required when going to service industry like restaurant. According to Samoszuk & Allison (2016),

service quality is a tool to measure how good the service delivered match up from customer's standard. Services that meet or surpass the customer's standard are evaluated to be a high service quality. According to Hall (2020), without a good service quality, a company cannot last long, as customer would deem the company is bad on serving customer when the company cannot match up their standard, costumers will leave and bad-mouthing the company will result the company to fall and closed down.

Food Quality refers to how customers accept the food and how it meet their standard, to determined food quality, sensory attribute will play the role, as the attribute of food quality are appearance, taste, variety, nutrition and freshness (Zhong & Moon, 2020). According to Kent et al. (2018), food quality is very important to the company and the fundamental of customer satisfaction. According to Hall (2020), the higher the quality of Food the more satisfied the customer will be, as it only take one product for the consumer to measure whether they will not come again or they return and recommending the company to others.

Customer Satisfaction stated by Pastel (2018) is the result of how much customer enjoy the product or service with their expectation, short, meet or exceed the customer expectation and retention on the business. According to Scott (2017), Customer Satisfaction is the most important thing in Food and Beverage Industry, as it will affect the restaurant revenue and reputation. Customers will be loyal to one restaurant when they got good experiences on the restaurant and it all depends on the quality that the restaurant offers to the customers (Scott, 2017).

Ating Chinese Food established on 2005 at Jalan Prof. HM. Yamin Sh no. 196 by Ating and Aling in Medan. It is specialist on Chinese Food with normal square table style. On 2019, Ating Chinese Food relocated to Jalan Bambu I no. 70 and expanded into 2 stores. Ating Chinese Food opened at 09.30 until 22.15, with variety of menu and price range from Rp. 30.000 to Rp. 175.000.

The problem in Ating Chinese Food from Google Reviews are Service Quality, the waitresses are late on informing out of stock orders, wrong placing orders. While the problem on Food Quality, the taste of the food and the portion of the food. These problems make customers felt less satisfied and causing them reluctant to come back, thus making the income of Ating Chinese Food going down. In order to fight for a long term against other restaurant and also surviving at the midst of Covid-19, owner needs to improve the Service Quality and Food Quality to satisfied customers.

**Bang BOY**  
1 review  
★★★★★ 5 months ago

Aci yg pendek masak itu srh pensiun saja. Rasanya tak enak. Bell bnyk masakan chinese food, yg paling parah itu capchaynya, didalam smua sayur kol putihnya segunung, sayur lainnya & bakso dll sedikit kali. Lbh enak capchay masakan abg yg org Nias itu rasanya lbh pas plus seimbang smua sayur dll. Saran saja masak capchay sayurnya harus balance. Ini kol putihnya cocok buat makan babi saja. Asal jadi saja aci itu masak bntar sudah langsung siap. Tidak meresap kedalam sayur rasanya ya 🙄🙄🙄🙄🙄

(Translated by Google)  
The short one for cooking is just retring. It doesn't taste good. Buy a lot of Chinese food, the worst is the capchay, in all the white cabbage vegetables are mountains, other vegetables & meatballs etc. The better Capchay dish for the Nias person, the taste is the right one plus the balance of all the vegetables etc. Just a suggestion to cook the vegetable capchay to be balanced. This white cabbage is suitable for eating pork only. As long as it is so, the aci is ready to cook. It doesn't seep into the vegetables, huh?

**christian elinov sirait**  
3 reviews · 7 photos  
★★★★★ 2 years ago

Jus Jeruk ke asaman, pesen nasi goreng spesial yg datang nasi goreng biasa, pesen sate babi eh 20 menit kemudian dibilang habis, orderan sdh dikasih eh 15 menit kemudian malah ditanya pesen apaan. Oh what a new year... gak akan kesini lagi.

(Translated by Google)  
Orange juice to sour, ordered special fried rice that came with ordinary fried rice, ordered pork satay 20 minutes later and said it was finished, the order was given, 15 minutes later, I was asked what the message was. Oh what a new year... will not come here again.

**Andri Supriadi**  
1 review  
★★★★★ a year ago

**gadgetnyamomo oke**  
Local Guide · 8 reviews · 14 photos  
★★★★★ a year ago

harga ndak sesuai dengan rasa nd tempat enak sebelumnya

(Translated by Google)  
the price doesn't match the taste and the nice place next to it

**HW days**  
Local Guide · 172 reviews · 36 photos  
★★★★★ 2 years ago

(Translated by Google) price expensive and taste as well as a small portion urng

(Original)  
harga mahal dan rasa kurg serta porsi kecil

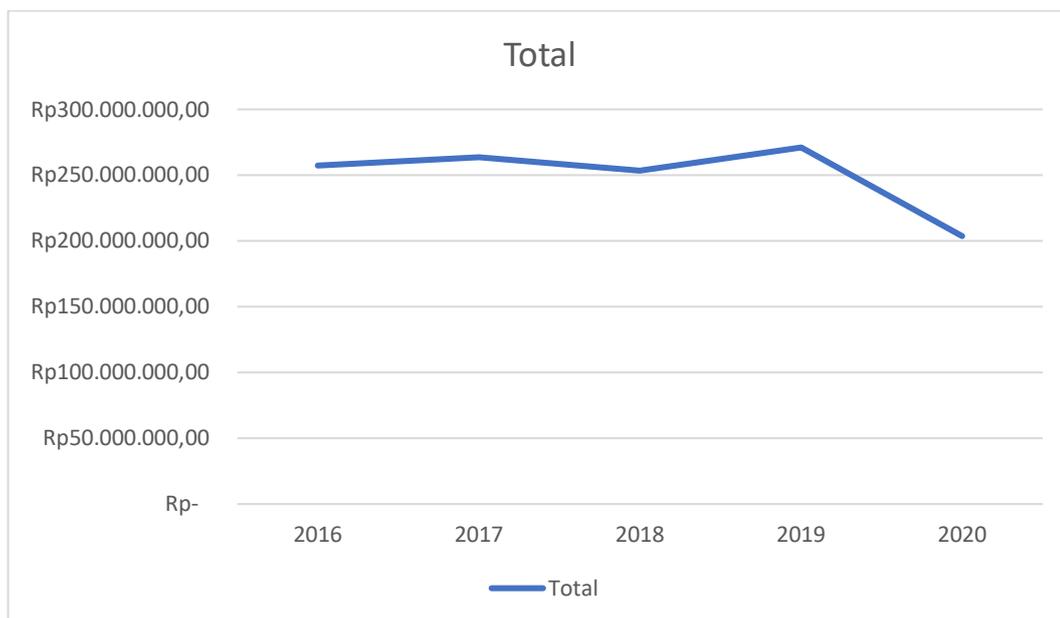
**Figure 1.1 Bad Reviews of Ating Chinese Food**

Source: Google review

**Table 1.1 Income of Ating Chinese Food Data**

| Year | Income            | % Change |
|------|-------------------|----------|
| 2016 | Rp 257.250.000,00 | -        |
| 2017 | Rp 263.630.000,00 | 2.48%    |
| 2018 | Rp 253.190.000,00 | -3,96%   |
| 2019 | Rp 271.050.000,00 | 7.05%    |
| 2020 | Rp 203.670.000,00 | -24,85%  |

Source: Prepared by Writer (Ating Chinese Food, 2021)



**Figure 1.2 Income of Ating Chinese Food for 5 years**  
 Source: Prepared by Writer (Ating Chinese Food, 2021)

The data above show the changes of income within 5 years, loss of customer. From 2016, the income got was Rp. 257.250.000,-, 2017 the income raised around 2.48% to Rp. 263.630.000,-. However, on 2018, the income of the place dropped by 3.96% to Rp. 253.190.000,-. From 2019 income increased by 7.05% to Rp. 271.050.000, - due to relocated to Bambu I, one of competitive eatery place. On 2020, income on last year dropped since people afraid of disease, the significant drop by 24.85% to Rp. 203.670.000,-

As the background above, the writer wants to do research with the title **“The Effect of Service Quality and Food Quality on Customer Satisfaction at Ating Chinese Food, Medan”**.

## 1.2 Problem Limitation

There are many factors to affect customer satisfaction on the restaurant, from price, atmosphere, location, service quality, food quality, and etc. The writer will focus on 3 variable, service quality, food quality and customer satisfaction at this restaurant where the location is at Jalan Bambu I no. 70. The independent variables of this research are service quality and food quality, while the dependent variable is customer satisfaction. Service quality have reliability, assurance, responsiveness, empathy and tangible (Qualtrix, 2020), while food quality divided into presentation, taste, menu diversity, healthy and freshness (Abdullah et al, 2018). Customer Satisfaction has overall satisfaction, confirmation of expectation and comparison to the ideal (Dimiyati & Subagio, 2016).

## 1.3 Problem Formulation

From the background study, there are several problems will be discussed from this paper:

- a. How is the service quality provided at Ating Chinese Food, Medan?
- b. How is the quality of food at Ating Chinese Food, Medan?
- c. How satisfied are customer of Ating Chinese Food, Medan?
- d. Does service quality have effect on customer satisfaction at Ating Chinese Food, Medan?
- e. Does food quality have effect on customer satisfaction at Ating Chinese Food, Medan?

- f. Do service quality and food quality have simultaneous effect on customer satisfaction at Ating Chinese Food, Medan?

#### **1.4 Object of the Research**

From the problem formulation above, the objectives of this paper are:

- a. To evaluate the service quality provided at Ating Chinese Food, Medan.
- b. To assess the quality of food at Ating Chinese Food, Medan.
- c. To discover customer are satisfied of Ating Chinese Food, Medan.
- d. To analysis service quality have effect on customer satisfaction at Ating Chinese Food, Medan.
- e. To investigate food quality has effect on customer satisfaction at Ating Chinese Food, Medan.
- f. To discover service quality and food quality have simultaneous effect on customer satisfaction at Ating Chinese Food, Medan.

#### **1.5 Benefits of the Research**

##### **1.5.1 Theoretical Benefit**

The results of this research are expected to contribute to any relevant academic area and update the existing researches.

### 1.5.2 Practical Benefit

a. For Writer

To gain knowledge of service quality and food quality, and its effect on customer satisfaction in Ating Chinese Food.

b. For Company

For the company to increase and take consideration of their service and food quality in fulfilling customer satisfaction to reach their market goal.

c. For other Researcher

To be a reference for relevant researcher and to enrich subsequent researchers as well as learners in developing research.

