

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background of Study**

Various markets are always divided by the different needs and desires of each customer. Culinary industry is very competitive. Every café and restaurant in the city of Medan continues to present the latest concepts with a variety of menus and increasingly affordable prices. Variations in menu and comfort atmosphere in the café will also be an added value that distinguishes it from other places.

Hospitality is a major part of good service to customers. In hospitality science, employees are trained to provide the best service to customers as a major part of achieving customer convenience. The company's business development will be seen from the services provided to customers. Maximum service from the employee and being able to meet the expectations and even exceed the expectations owned by the customer becomes an important element in hospitality. Hospitality standards prioritize service as the main focus for prioritizing service standards provided to customers.

The hospitality industry is not limited to the selling of elite class hotel rooms as commodities (inanimate objects) or to the sale of delectable food that satisfies belly needs. However, the hospitality industry is one that needs a soul or spirit in order to function properly. Hospitality is an integral part of product creation in order to earn clients' confidence.

In improving service performance, hospitality business makes it as one of the tips to compete with its competitors. The services provided must be able to be

remembered by consumers and become an unforgettable experience for consumers in comparison with what is given by its competitors.

Hospitality can be defined as the services provided by restaurants to guests who come with the service standards they already have. The role of hospitality in the cafe business is very dominant because businesses in this field always prioritize service as the main part in making guests comfortable visiting the café. While looking at the term tourism it is very important to study the term hospitality. Some people define hospitality as the business of helping other people to feel comfortable, relaxed, and to enjoy by themselves. In simple terms, the industry of hospitality is classified as the combination of accommodation, food, and beverage manufacturing which collectively makes up for the largest segment of hospitality industry. (Raga, J. 2019)

The main key in producing a good service business is service. A quality standard is set to meet the products and services that are in accordance with the price and value expected by the customer and are able to provide benefits for the company.

Performance is the result of work carried out by employees in fulfilling the work responsibilities they had. In running the hospitality business, the goal of providing good service performance is to achieve customer satisfaction. Customer satisfaction is very is one of the things that is often considered in business in the hospitality sector. With customer satisfaction achieved, the business will run smoothly in the future and can continue to grow. Customer satisfaction is the result of the expectations that customers have for the performance of the services that

have been provided. In the hospitality business, customer satisfaction will be an assessment measure that reflects the positive image of the customer.

Customer satisfaction is distinct from evaluating a service's performance. When consumers expect satisfactory service, their measure of acceptable service quality is higher. The customer's experience with a service is critical in determining their tastes. (Dlamini and Barnard, 2018)

Apart from customer's perception about the quality, their satisfaction is determined by the price of services, situational factors, and personal factors. For instance, satisfaction of delegates from a convention organized by a hotel would depend upon their perception about the quality of services provided. (Vaid and Kesharwani, 2020)

The importance of good customer service, and how to achieve it. Numerous employees in the hospitality and catering industries can come into contact with customers. It would be a routine part of their work for others, such as receptionists and food servers. Employees who are tasked with serving and interacting with consumers must understand how to achieve customer satisfaction. (Foskett et al, 2016)

Nelayan Restaurant is one of the restaurants with typical dim sum dishes that are very well known in Medan. Currently it has several branches in the Merak Jingga, Sun Plaza, Plaza Medan Fair, Center Point, Ring Road City Walks, Manhattan Mall.

The problem phenomenon in this study is that Nelayan restaurant has a decreasing in customer satisfaction that often occurs as a result of suboptimal

employee service results and a lack of responsiveness in servicing customers. The things that cause customers to complain are employees who are not responsive in providing service, long menus delivered when crowded, unable to explain the menu properly, the taste and portion of food served is inconsistent. This shows that the complaint filed will trigger a decrease in customer satisfaction because the performance of the services provided is still not optimal. Problems that occur in service performance will certainly interfere with customer satisfaction who visit Nelayan restaurant and this will certainly make customers feel disappointed.

Based on the described, the researcher decided to do research with the title **"The Influence of Service Performance Towards Customer Satisfaction at Nelayan Restaurant, Putri Merak Jingga, Medan"**

## **1.2 Problem Limitation**

This study will limit the phenomenon of problems regarding service performance from employees about complaints are employees who are not responsive in providing service. In questionnaire the indicator is about responsiveness.

With the limited knowledge and ability possessed by researchers in conducting research, the researcher focuses on service quality as independent variables with the indicator for variable service quality, researcher will take the indicator from Vaid and Kesharwani (2020), which is about: reliability, responsiveness, assurance, empathy and tangibility.

Customer satisfaction as the dependent variable with the indicators for variables customer satisfaction variables, the researcher will take the indicator from Simamora (2020), which is about: overall customer satisfaction, confirmation of expectations, repurchase intention, availability for recommendations and customer dissatisfaction. The problem discussed in this research is regarding customer loyalty, which has not been achieved in terms of employee facilities that remain unfriendly to customers.

### **1.3 Problem Formulation**

Based on the problem identification, the authors formulate problems in this study include is:

- a. How is the service performance at Nelayan Restaurant, Putri Merak Jingga, Medan?
- b. How is the customer satisfaction at Nelayan Restaurant, Putri Merak Jingga, Medan?
- c. Does service performance have influence towards customer satisfaction at Nelayan Restaurant, Putri Merak Jingga, Medan?

### **1.4 Objective of the Research**

Based on the problem formulations above, the research objectives in this research are as follow:

1. To describe the service performance at Nelayan Restaurant, Putri Merak Jingga, Medan.

2. To describe the customer satisfaction at Nelayan Restaurant, Putri Merak Jingga, Medan.
3. To describe the influence of service performance towards customer satisfaction at Nelayan Restaurant, Putri Merak Jingga, Medan

## **1.5 Benefit of the Research**

The benefits from conducting this research are as follows:

### **1.5.1 Theoretical Benefit**

1. For Readers

The results of this study can be used as material to show that there are influences and relationships between service performance and customer satisfaction examined by the author.

2. For Writer

The results of this study can be used as a comparison between the theories learned during the lecture and the reality that occurs in the company, so as to increase the knowledge of the writer.

3. For Other researcher

The results of this study are expected to be additional references, reference material for researchers, then interested parties to study the same problem in the future.

### **1.5.2 Practical Benefit**

1. For Company

Researcher hope that the results of this study can provide benefits to the company as input or suggestions in an effort to increase considering customer satisfaction to improve service performance.

## 2. For Future Researchers

As a consideration and comparison material for further researchers in choosing the appropriate research title in influencing service performance to improve customer satisfaction.

