

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Hospitality is defined as the friendly and generous reception and entertainment of guests, visitors, or strangers. It is an industry that provides accommodation, food and beverage, and related services for the comfort and enjoyment of travelers and visitors which focused on providing customer with products and services to achieve customer satisfaction and customer loyalty.

There are a lot of different sectors in hospitality industry, one of them is restaurant which in food and beverage sector that provides range of food, drinks, and services along with a dining venue in one place. It is a great place to get together with others, whether friends, family, or business meetings which played an essential role in the business and social. Having customer loyalty is very important to a restaurant. If they able to meet customer expectation, creating loyal customer relationships, and achieving customer satisfaction, it will be easier for them to gain greater marketing share (Aldaihani & Azman, 2018).

Human service and communication are known to be more dominating in determining loyalty. Customer will be satisfied and return if a company provides an excellent service. However, if the services offered are inadequate, customers will feel dissatisfied and will not return. Improve service was something that had to be provided in order to keep customers loyal in the long run.

According to (Solichin et al., 2017), one of the most important elements in determining a business success is service quality. When customers are treated as kings who must be serviced according to what they preferences and expectations, service is said to be of high quality.

Every business makes it one of their goals to receive what they need by improving service standards. Moreover, the restaurant business must provides services standards that are different from those provided by other business, which will undoubtedly be directly connected to the current hospitality service model.

The grade of service provided by restaurants will become increasingly competitive. The best method to acquire customers' trust is to provides services that meets their expectations. Customers that are satisfied with the service will return and recommend the company to others.

Customer loyalty comes from the trust and commitment of customers that feel satisfaction with the purchase of consumption. It is an important factor in the customer strategy of a business which plays a very major role to achieve a competitive advantage. To make a customer loyal to the company's brand and product is a challenging task. (Anderson et al, 2007) stated in (Saxena et al., 2015) believed that maintaining existing customers is a much more effective business strategy than attempting to attract new ones.

In this research, writer aims to investigate the influence of service quality towards customer loyalty. To fulfil it, writer will use Kewin Kitchen. Kewin Kitchen located in Jl. DR. Cipto No. 9, Anggrung, Kec. Medan Polonia, Kota Medan, Sumatera Utara 20152. Kewin Kitchen offer affordable authentic Italian

and Indonesian cuisine with remarkable ambient modelled after the Italian concept. They employ traditional recipes to bring that wide variety selections to their valuable customers. With their strong belief and passion in delivering the best products and services and with the continuous supports from their business partners and customers, they are able to continue growing both locally and internationally.

Table 1.1 Competition among Italian Restaurants in Medan on 2021

No.	Brand Name	Google Rating	Number of Reviews
1.	Miley Italian Fusion Bistro	4.3	147
2	Trattoria	4.3	104
3.	G.B Bistro & Dessert	4.3	443
4.	Kewin Kitchen	4.3	316

Source: Google (2021)

Based on table 1.1, it can be seen that competition among Italian restaurant in Medan is tight, it is crucial for Kewin Kitchen to be ready in retaining their customers in this tight competition. Based on Google Review that author collect, although the average rating of google review is 4.3 but there are some reviews that are not satisfied about the service quality at Kewin Kitchen Medan.

According to Edwin Raymond, he said that the service at Kewin Kitchen is not good because he has to ask for the menu twice, ask for the cutleries so many times till the employee give to them. For another bad review regarding service quality is from Andrew Brevoort, he said that the waiters unresponsive and doesn't communicate well, and it will be his first and last visit to Kewin Kitchen. According to Wandy Lee, he saw a female employee wearing a headscarf bringing a whole food from the kitchen (not leftovers that have been finished) to one of the empty tables, then tasting the food. After that, the food is delivered to the customer who come. If he has to get this quality of service from dishonest waiters, why should he

have to pay so much for the dish and visit again in the future? Last review regarding the service quality at Kewin Kitchen Medan is from Yunita Zahra, she said that the waitress was attentive, but there is no single smile from them.

Because of bad review regarding to the service quality that affect customer loyalty at Kewin Kitchen, writer interested to conduct research with title: **“The Influence of Service Quality towards Customer Loyalty at Kewin Kitchen Medan.”**

1.2 Problem Limitation

This thesis aims to investigate how Service Quality influence Customer Loyalty. In order to investigate the influence of service quality towards customer loyalty, writer will use Kewin Kitchen as the research object.

Based on the writer, this thesis aims to investigate “The Influence of Service Quality Towards Customer Loyalty at Kewin Kitchen Medan” while the problem limitation will be listed below:

1. Variable that will be used limited to service quality and customer loyalty.
2. The questionnaire will be spread for only 50 customers.
3. This research will be conducted at Kewin Kitchen Medan.

1.3 Problem Formulation

Based on the observation that is done by the writer during the preliminary research in Kewin Kitchen, writer has formulated the following questions to be answered in this study:

1. How is the service quality at Kewin Kitchen?
2. How is the customer loyalty at Kewin Kitchen?
3. What is the influence of service quality towards customer loyalty at Kewin Kitchen?

1.4 Objective of the Research

The objective of the research will be:

1. To learn about Kewin Kitchen's service quality.
2. To learn about Kewin Kitchen's customer loyalty.
3. To learn about the influence of service quality towards customer loyalty.

1.5 Benefit of the Research

Here are the benefit of the research that divided into two kinds of benefit such as theoretical benefit and practical benefit.

1.5.1 Theoretical Benefit

According to the theoretical benefit, the result of this study is expected to be useful to writer herself for additional experience in doing this thesis, provides descriptions and useful information for Kewin Kitchen relates to the influence of

service quality towards customer loyalty. And improve theories that encourage knowledge, especially in hospitality management that relates to the influence of service quality towards customer loyalty at Kewin Kitchen. Besides, this research also could be used as reference or guidance for the next researchers.

1.5.2 Practical Benefit

For the practical benefit, the result of this study is expected to help Kewin Kitchen to evaluate and use the research results and as a suggestion to them in maintaining and increasing customer loyalty.

