

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the present day, competition in the food and beverages industry is challenging and demanding due to abundant amount of business competitors are engaging in the similar industry which is the food and beverages industry. Hence, caused by the Indonesia's economy changing conditions, there will be countless varieties of food and beverages industry coming and will increase more competitors in the food and beverages industry.

The food and beverages industry is projected to remain one of the mainstay sectors which supporting manufacturing growth and the national economy. The important role of this strategic sector is seen from its consistent and significant contribution to the gross domestic product (GDP) of non-oil and gas industry as well as increased investment realization. (Kemperin, 2017)

Throughout the time, businesses in the food and beverages have escalated rapidly. There is an abundance of entrepreneurs who are intrigued by owning a business in the food and beverages industry. Food and beverages are tremendously beneficial considering food and beverages are crucial and the main needs of human. Medan, big cities in Indonesia is the main consideration for entrepreneurs to own their new business in the food and beverages industry.

Meanwhile the competition in the food and beverages industry gets challenging, the owner of business must understand furthermore about the consequences and factors that will influence the satisfaction of a customers. Engaging in the similar industry with other competitors who has engaged for a while in the food and beverages industry has never been easy. The owner of the new business in the food and beverages industry must keep seeking for new strategies to survive in the food and beverages industry and know well about the target market that they have been targeted before they started the business.

According to Stephanie (2021), the business owner should be setting the target market clearly and learn the on-going trends in the society to improve the taste of the food and develop unique menu to attract people, remembering that the competitor in food and beverages industry keeps on increasing and competing get more customer to survive in this industry for a long term. Customers tend to love something that are uncommon or unique which makes people feel interested to try the menu.

Erick (2019) states that competition between food services industry has increased rapidly in accordance with the demand, following the tastes or pleasure and way of life of a person. Along with there are many new food services businesses that are opening such as catering, restaurants, and cafes.

In running a food and beverages business, innovations and creativity of the food are crucial. The high quality and tasty food will surely maintain the customer satisfaction. Furthermore, the service quality has play an important role in the food and beverages business in order to achieve customer satisfaction. The business owner must keep improve their strategies, innovations, and creativity of the business in order to be able to compete in the industry and avoiding the worst possibility which is bankruptcy.

Quality is crucial to define the satisfaction of a customer. Good quality will boost the customer satisfaction and on account of gaining the satisfaction of customer which will build the mutual beneficial long-term relationship with customer for the business. Moreover, by keep maintaining and improving the food quality and service quality, will help the business to compete and stay in the market of food and beverages industry. Furthermore, by providing good quality of food and services will make the customer feel satisfy and tend to become a loyal customer. According to Grace (2019), customer satisfaction can be formed by various factor; it could be a tangible or intangible.

The customers will have the expectation on how the food will taste and the presentation based on the pictures from social media or that is shown in menu (Stephanie,2021). The presentation of the food will become the first impression for the customers. The cleanliness of the plate and the color element could increase the customers' appetite of the food. Subsequently the customers will start tasting the taste of the food and to find out whether the food served meet the customers expectation or not.

Grace (2019) mentioned that satisfied customers will generally return and become loyal customers to a company while dissatisfied customers will find it difficult to return to the company. Therefore, customer satisfaction is a very crucial component that makes company last for a long time. Hence, a satisfied customer is a loyal customer. Hence, according to Cristo *et al.* (2018), quality of service in an effort to realize the convenience to consumers so that consumers feel has a value greater than that expected.

According to Kumar & Rahman (2018), Hospitality plays a crucial role in business and sustaining in competitive world. Hence, maintaining the hygiene, cleanliness, good food quality and best service are the pillars of this industry else, it will become difficult to attract the customer. Especially the service quality in the food and beverages business.

Service quality can refer to the quality expected in a service offering. Quality is determined by customer satisfaction of dissatisfaction (Laurensia, 2020). Moreover, service in the hospitality industry is the level of assistance provided by staff members to facilitate the purchase by the client (Soegjobs,2021). The business owner must realize that service quality is crucial in achieving the customer satisfaction. However, by providing the service quality of the employees of the cafe, the business will run effectively. Hence, in the hospitality industry, the success of the business will depend on how efficient the hospitality team serves the customer and satisfied the customers.

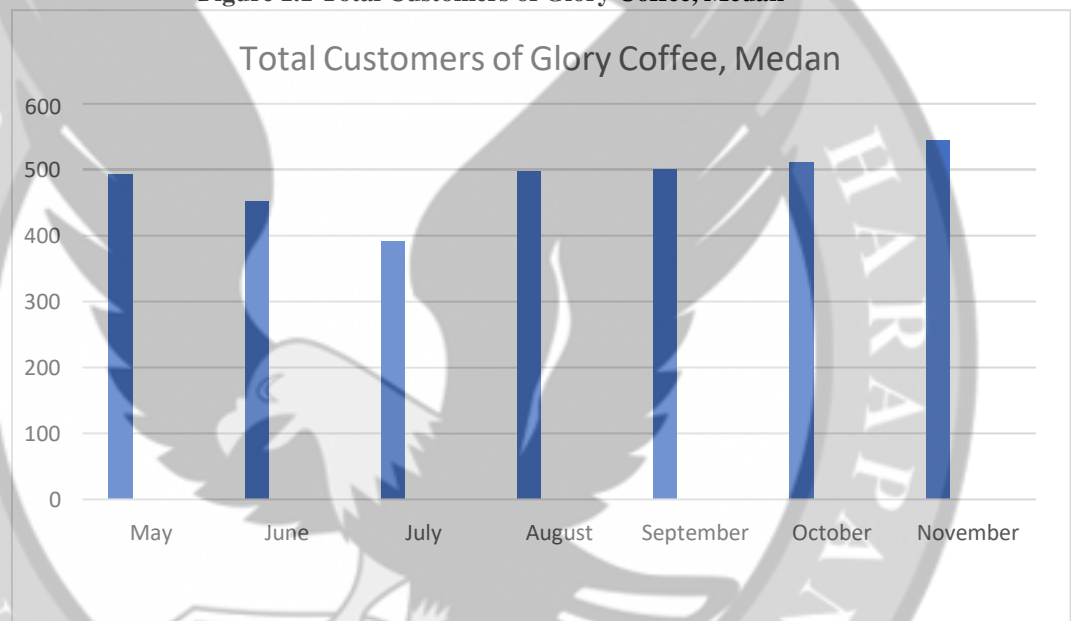
According to Laurensia (2020) Customer Satisfaction is important for every service goods company in the company. Satisfaction can be interpreted as a feeling of satisfaction, pleasure, and relief someone due to consuming a product or service to get service of a service. The customer will feel satisfied of the goods and services when the food and services meet the customers' expectation. When the food and service given by the company do not meet the customers' expectation, the customer will feel dissatisfied or disappointed. Generally, the customer satisfaction is the form when the needs and the expectations of the customers has been fulfilled by consuming the products.

Glory Coffee Medan as the research object is a café in Medan that serves coffee and light-heavy food and snacks. Glory Coffee Medan is a family-owned business which owned by Herbert Halim and his dad. In the past, Glory Coffee Medan is an online based business which was opened on 14th October 2020. Started from 15th February 2021, Glory Coffee Medan has opened its offline café. Glory Coffee Medan is located at Komplek Citraland Gama City Blok R6 No.77 Medan. Glory Coffee Medan is a suitable place for those who loves to chill with friends or family since they have a very nice vibes which will make us feel comfortable to spend time there.

The reason why the writer chooses Glory Coffee Medan as the research object due to the writer has experienced and has visited the cafe. In addition, the writer ordered foods and beverages while visiting the café but unfortunately the writer waited overly long until the order came out. Besides, based on the writer's observation, the problem that was frequently complaint about when

visiting Glory Coffee Medan was their services which took a long time to serve the food and beverages that has been ordered. The writer has received the data of the customer's complaint at Glory Coffee Medan which has been given by the owner and found some comments from the customers who complained about the café's food quality and service quality.

Figure 1.1 Total Customers of Glory Coffee, Medan



Source: Prepared by the Writer (2021)

The table above shows the number of customers at Glory Coffee Medan since May, 2021. In May the number of customers of Glory Coffee, Medan are 493 customers, 452 customers in June, 392 customers in July. Hence on August the number of customers has been increase to 498 customers, 501 customers in September, 512 customers in October, and 545 customers in November. It can be seen that in June and July there was a decreasing number of the customers at Glory Coffee, Medan.

Table 1.1 The customer's feedback at Glory Coffee, Medan

No	Name	Star	Review	Remarks
1	Grace Kelly	3/5	Rasa dari kopinya enak, tapi ya rasa makanannya okay lah, ga ada yg special	The taste of the food doesn't really special
2	Jessica Halim	4/5	Service okay, kopi dan makanannya ya enak sih, ambiencenya oke juga, cocok untuk duduk santai pas sore	Nothing special
3	Kenneth Wijaya	2/5	penyajian makanannya lama banget, rasa makanannya juga biasa aja	Slow service
4	Karen Hartono	4/5	Kopinya okay lah, suasana cafenya enak, asri, adem, ra makanannya juga okay	Nice café
5	Vivian Angelia	3/5	Makanannya enak, tapi tunggu makanannya lama banget	Average Café
6	Richard Gunawan	2/5	Harga snacknya mahal, ga worth it banget dengan rasa dan porsinya, rasanya juga b aja ga ada yg special	The price of the food
7	David Leonardo	3/5	Rasa dari hot chocolatenya mirip dengan coklat biasa aja, ga ada yang special dan sedikit overpriced km tidak worth it	The taste and the price of the food
8	Jordan Hantono	2/5	Servicenya lama banget ampun, tunggu 30menit cuman buat mie sama roti. Ga recommend	Slow service
9	Winston Salim	3/5	Serving makanannya lama, rasa dr makanan juga b aja, tempatnya juga b aja, semua biasa aja	Slow service and taste of the food
10	Veronica Angeline	4/5	Interior yang bagus, service juga okay, rasa makanan enak, harganya juga terjangkau, bisa dijangkau semua kalangan	Nice Café with affordable price
11	Victor Lee	3/5	Kopinya hmm enak sih, tapi banyaknya susu daripada kopi, servicenya juga lama	Tasty Food
12	Jason Santoso	4/5	Staffnya sangat ramah, suasananya juga oke banget buat santai ataupun untuk belajar	Nice and good café to hangout
13	Melinda Kosasih	3/5	Harganya mahal banget karena tidak sesuai dengan rasa makanannya, tapi kopinya enak bangeett, suasananya juga oke untuk nongkrong bareng temen atau keluarga, karena ada beberapa makanan mereka itu family friendly	Nice food and nice café
14	Angelia Lie	3/5	Variasi makanan dikit banget, dan rasa dari makanan juga b aja	Pretty usual food
15	Valencia Angkasa	2/5	Service kurang, suasana juga kurang, karena panas banget	Slow service

Source: Prepared by the Writer (2021)

Based on the table above, there were some complaints regarding the food quality and service quality from the customers of Glory Coffee, Medan. As written on the table number three and five, the customers were complaining about the service quality where the service quality was too long. Besides that, the customers number six was also complaining about the food quality where there was nothing special about the food. Furthermore, there were also other customers who were complaining about the variation and the portion of the food that being served by Glory Coffee, Medan.

Based on the background above, the writer decided to find out if the food quality and service quality will influence customer satisfaction and the writer will write the research in the form of final paper entitled **“THE INFLUENCE OF FOOD QUALITY AND SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION AT GLORY COFFEE, MEDAN”**.

1.2 Problem Limitation

Due to the limited time and the limited resources in this research, the writer determines limitation on this study to food quality and service quality as independent variables and customer satisfaction as dependent variable. This research will be conducted in The Glory Coffee, Medan located in Komplek Citraland Gama City Blok R6 No. 77, Medan.

1.3 Problem Formulation

Based on the title of this research, the writer can take problem formulation as follows:

1. How is the food quality at Glory Coffee, Medan?
2. How is the service quality at Glory Coffee, Medan?
3. How is the customer satisfaction at Glory Coffee, Medan?
4. Does food quality influence customer satisfaction at Glory Coffee, Medan?
5. Does service quality influence customer satisfaction at Glory Coffee, Medan?
6. Do food quality and service quality simultaneously influence customer satisfaction at Glory Coffee, Medan?

1.4 Objective of the Research

The purpose of this study is:

1. To determine how the food quality at Glory Coffee, Medan is.
2. To determine how the service quality at Glory Coffee, Medan is.
3. To determine how the customer satisfaction at Glory Coffee, Medan is.
4. To determine if food quality will influence the customer satisfaction at Glory Coffee, Medan.
5. To determine if the service quality will influence the customer satisfaction at Glory Coffee, Medan.
6. To determine if the food quality and service quality will simultaneously influence the customer satisfaction at Glory Coffee, Medan.

1.5 Benefit of the Research

The benefit of the research will be divided into two which are:

1.5.1 Theoretical Benefit

The theoretical benefit of this research as follows:

1. To increase the writer's knowledge academically in food quality, service quality and customer satisfaction.
2. To understand the influence of food quality and service quality towards customer satisfaction.
3. To be an extra knowledge for future researchers or readers who will conduct the similar topic.

1.4.1 Practical Benefit

The Practical benefit on this research as follows:

1. For the writer, to increase the writer's knowledge and better understanding of food quality, service quality and customer satisfaction.
2. For the business owner, to know about the food quality and service quality that the customers are expecting.
3. For the future researchers, as the reference for who will conduct the similar topic.