

CHAPTER I

INTRODUCTION

1.1 Background of The Study

As the world develops, the ways to meet human needs are becoming more diverse by looking at the needs and desires of humans. In meeting basic needs such as food and drink. Many goods and service companies offer a variety of services according to human desires. In recent years the industrial business in the restaurant sector has also experienced rapid development and improvement with the increasing number of restaurants serving western menus. Not inferior to restaurants. This is indicated by the number of new business units that will be initiated by the community, ranging from small, medium, to large scale ones. The number of businesses that have sprung up has an impact on increasing competitors between one entrepreneur and another. This triggers entrepreneurs to always maximize their business performance in order to be competitive in the market. To overcome this, entrepreneurs must have a strong marketing strategy in marketing their products and retaining their customers so that they win the business competition. The development of the business world in this global economic market makes companies are required to work harder in winning the market and to achieve their only goals by winning the hearts of consumers or satisfying consumers.

Customer satisfaction describes a person's feelings of pleasure or disappointment that arise after comparing their perceptions or impressions of the

expected performance results of a product. The level of customer satisfaction is assessed based on a person's feelings after comparing the performance or results felt by his expectations. The suitability of the expectations desired by the buyer will generate interest in buying the product and be willing to come back and recommend to his friends to buy the product. Attention to the interests of consumers by looking at the needs and desires as well as satisfaction with services is a key factor for the success of a business in the midst of an increasingly competitive climate. The company prioritizes good service quality which will have an impact on customer satisfaction. Customer satisfaction is more on consumers who are satisfied with a brand or product they consume and will repurchase the product (Darmanto & Anik, 2020). According to (Gofur 2019), customer satisfaction is influenced by service quality and price. If the service variable can be improved and the pricing policy setting can be adjusted to customer expectations and demands, a higher impact on customer satisfaction will be obtained.

Service quality is one of the efforts to create comfort for consumers so that consumers feel they have more value than expected. Service quality is also the level of service related to the fulfillment and needs of consumers. For companies engaged in services, service quality is a very important factor. Factors that influence service are expected service and perceived service. If the service received is appropriate and meets expectations, the service is in the good and positive category (Darmanto & Anik, 2020). The application of service quality as the nature of product appearance or performance is one of the main parts of the

company's strategy for sustainable excellence. Therefore, entrepreneurs must be able to make customer feel satisfied with the products offered and provide good service to every customer who comes.

If customer feel this company cannot meet customer needs, then the service provided is considered bad. In addition to service quality, another factor that affects customer satisfaction is price. Price is how much money or value customers pay or exchange for obtaining and using a product. In terms of setting a low price, it does not always arouse customer interest in buying an item or service because when buying a product or service, the price must be balanced with all the benefits that can be obtained by consumers (Pratiwi & Asep, 2021). Therefore, complete pricing is very important for business travel because price is a way for companies to achieve targets. Because price is very important for businesses and companies, each company will carry out various strategies in determining the best price. In the strategy to set prices, it is generally divided based on the type of product offered. So to achieve the company's goals, a company will set prices with the aim of maximizing the profits or profits earned. Price is one of the marketing variables that needs to be considered by company management because price can directly affect the volume of sales and profits achieved by the company. Economic reasons will show that low prices or competitive prices are one of the important triggers to improve marketing performance, but based on psychological reasons it can be shown that price is actually an indicator of quality and can be designed as one of the sales instruments as well as a decisive competition instrument. Beside of that, event though the price of food was cheap than other restaurant, but the customer not satisfied because the restaurant have prepared the bad dish food for customer such as the taste of food (seafood, vegetables, etc) not fresh anymore. Quality prices and services play an important role in shaping

customer satisfaction, but it can also create profits for the company. The more attractive the prices offered and the services provided, the higher the satisfaction felt by consumers.

Dazam Raya Seafood was founded in 2013 and has no branches. This restaurant is opened starting at 17.00WIB until the dish menu is finished on orders by consumers. The average consumer who visits his restaurant is a consumer who brings a group of family or together with his relatives. This restaurant serves dishes with a menu of home-cooked foods such as grilled, fried, and stir-fried vegetables. There are not many variants on the menu at this restaurant. The prices at this restaurant are not affordable and not in accordance with the food products served. The services provided by the restaurant do not meet consumer needs where when consumers want to place an order, consumers automatically take the menu to see what menu they want to order then call the service to record the order. In addition, an error occurred in recording the menu ordered by the customer. Not only that, the menu ordered took a long time to be served to the customer so that the customer felt annoyed because the customer came with a hungry stomach and wanted to immediately eat the dish, but the menu that was ordered long ago was served so that the customer felt the service provided was unsatisfactory.

Based on the background that has been described, the researchers conducted a study with the title **“The Effect of Service Quality and Price Toward Customer Satisfaction at Dazam Raya Seafood Medan”**.

1.2 Problem Limitation

Within the limits of the research problem, the researcher will focus on the problem of service quality, (X_1) and price (X_2) as independent variables and customer satisfaction (Y) as dependent variable. The limitations of the problems that will be discussed by researchers and this research are as follows:

1. The research object is only limited at Dazam Raya Seafood Medan .
2. The dependent variable in this research is customer satisfaction
3. The independent variables in this research are service quality and price.
3. The discussion limited three variables, which are service quality with the indicator (reliability, responsiveness, assurance, empathy, tangibles) and price with the indicator (price match with product quality, price competitiveness, price match with benefits) are dependent variables. Customer satisfaction with indicator (overall customer satisfaction, confirm expectations, repurchase intention) is independent variable.

1.3. Problem Formulation

Based on the background of the object that has been described, there are some problem formulation which will be used :

1. Service Quality has partial effect toward customer satisfaction at Dazam Raya Seafood Medan.
2. Price has partial effect toward customer satisfaction at Dazam Raya Seafood Medan.
3. Service Quality and Price have partial effect toward customer satisfaction at Dazam Raya Seafood Medan.

1.4. Research Objective

According to the background of the study and the problem formulation, the purpose of this research is :

1. To know the effect of service quality at Dazam Raya Seafood Medan.
2. To know the effect of price at Dazam Raya Seafood Medan.
3. To know the effect of customer satisfaction at Dazam Raya Seafood Medan.
4. To know the effect of service quality and price toward customer satisfaction at Dazam Raya Seafood Medan.

1.5. Benefit of the Research

1.5.1. Theoretical Benefit

Based on the theoretical benefits, the researcher hopes that this research can provide an understanding of the theory that has been described regarding service quality, price, and customer satisfaction. In addition, this research can also be used as a reference or comparison for future researchers.

1.5.2. Practical Benefit

For practical benefits, researchers hope that it can be used as a suggestion for Dazam Raya Seafood to further improve the quality of services provided to consumers such as errors in recording customer menus so that customer frustration can also be buried if in the future customers visiting have received satisfactory service quality.