

CHAPTER I

INTRODUCTION

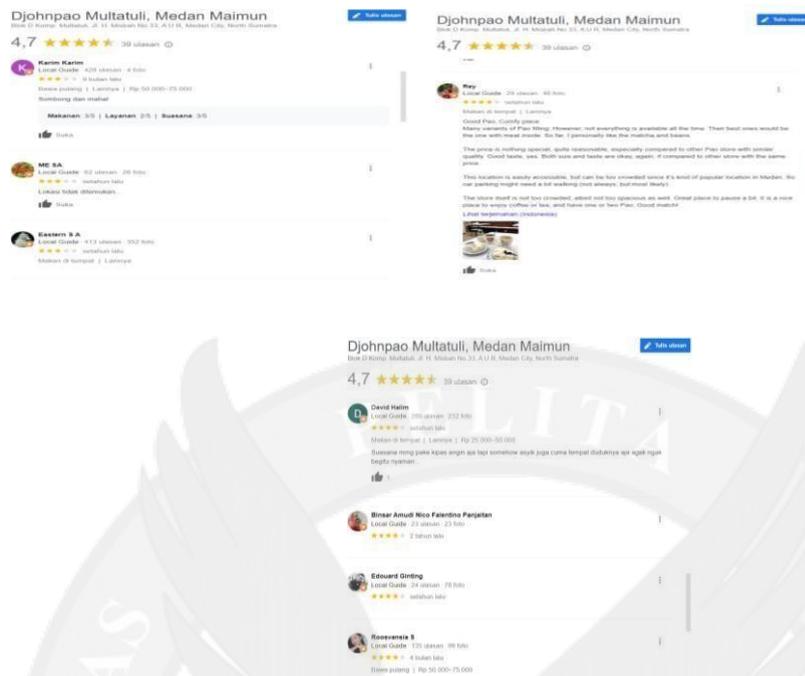
1.1 Background of the Study

Basically, humans in their lives are required to make efforts to produce results in fulfilling their life's needs. Nowadays, technological developments are increasingly rapid along with the increase in human civilization, causing very tight competition. The existence of competition encourages every company to create superiority. The conditions that must be met by a business in order to be able to compete is to try to achieve the goal of creating and retaining consumers. In order for this goal to be achieved, a business must try to provide the best products and services in accordance with consumer desires. This is intended to maintain the loyalty of consumers so that they can continue to make purchases. According to Wahyoedi and Suparso (2019), loyalty is a consumer's commitment to a brand, shop or supplier, based on a very positive attitude which is reflected in consistent repeat purchases. Thus, discussing loyalty is discussing the future by paying attention to past behavior or attitudes regarding purchasing goods or services. In maintaining consumer loyalty, it is natural for an entrepreneur to pay attention to several things that can influence it, such as service quality and experiential marketing. According to Tjiptono and Chandra (2019), service quality is a comparison between the level of service delivered by the company compared to customer expectations which is realized through fulfilling customer needs and desires as well as the accuracy of delivery in matching or exceeding customer

expectations. While according to Harjadi and Arraniri (2021) Experiential marketing is a strategic concept which is an era of marketing change with a shift from the functional concept to the experience concept of a product or service.

In the current business era, competition in the business world is increasingly fierce. This intense competition requires business people to be able to maximize their business performance so they can compete with other companies, especially those operating in the culinary sector. Culinary is an activity related to cooking or cooking activities. Culinary can also be interpreted as processed products in the form of dishes in the form of side dishes, snacks and drinks. In its development, the use of the term culinary is used for various kinds of activities, such as the culinary business, which is one type of business carried out by someone who is engaged in food. Currently, many culinary entrepreneurs are creating new variations of food in order to compete with the market. One of them is Djohnpao Kopitiam Medan which is located in H, Misbah street No. 33 AUR, Komp. Multatuli Blok D, Medan.

For some time now it has been known that consumer loyalty at Djohnpao Kopitiam has continued to decline, which is known to be caused by poor service quality and bad experience that makes consumers sometimes lazy to make visits. The service quality and experiential marketing provided by Djohnpao Kopitiam is considered not to be in line with consumer expectations, making consumers less willing to return to visit to make purchases. That's also the reason why consumer loyalty is declining from time to time. The following are some reviews given by consumers regarding Djohnpao Kopitiam:



Sources: Google Review, 2024

Figure 1.1. Djohnpao Kopitiam Multatuli Review

Based on the figures above, it can be seen that even though Djohnpao Kopitiam Multatuli has a high rating and is in demand by most Pao lovers. However, there are frequent issues related to inconsistencies in the service customers receive. For example, there are times when customers report having to wait a long time to receive their orders, even when the restaurant is not very busy. These inconsistencies in service timing can be caused by factors such as staff shortages, inadequate training, or ineffective management in organizing the workflow. Additionally, communication problems between the restaurant staff and customers also pose a challenge. Some customers feel that the staff is not responsive enough or does not take their complaints seriously. Another common issue is the lack of staff knowledge about the menu and food ingredients.

Inadequately trained staff may not be able to provide accurate information about food ingredients or menu recommendations, which can make customers feel confused and frustrated when choosing their meals. For instance, if a customer asks about gluten-free food options and the staff cannot provide adequate information, this can hinder their dining experience.

Apart from that, in terms of experience, several consumers conveyed that their experience was not according to their wishes, such as the product being incomplete, the price being expensive, the atmosphere of the location only using a fan, the location being difficult to find and so on. Customers also frequently report that the food they receive does not meet their expectations in terms of presentation, taste, or the temperature of the dishes. For example, customers might receive food that does not appear fresh or is not presented in an appealing manner. This indicates that there are issues in the food preparation process or that quality control in the kitchen is not strict enough.

Based on the research conducted by Kristianto and Baktiono (2020) entitled “The Influence of Product Quality, Service Quality, and Location on Loyalty Customers of Lontong Balap Pak Gendut Surabaya.” The results of the study show that the Product Quality, Service Quality, and Location have a positive and significant effect on Customer Loyalty (Y) at Lontong Balap Pak Gendut Surabaya. Based on the background study above by customer interview, complaint or data, the writer is interested to conduct research with the title: **“The Effect of Service Quality and Experiential Marketing on Consumer Loyalty at Djohnpao Kopitiam Multatuli Medan.”**

1.2 Problem Limitation

For the problem limitation, the writer will focus on four variables which are Service Quality, Experiential Marketing, as an independent variable and consumer Loyalty as a dependent variable. Experiential Marketing of the research will be limited to Djohnpao Kopitiam Multatuli Medan.

1.3 Problem Formulation

Based on the description of the background of the problem above, there are identification problems in this study that can be identified:

1. Does Service Quality have a partial effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?
2. Does Experiential Marketing have a partial effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?
3. Do Service Quality and Experiential Marketing have simultaneous effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?

1.4 Objective of the Research

The objectives of the research as follow:

1. To analyze whether Service Quality has a partial effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?
2. To analyze whether Experiential Marketing has a partial effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?

3. To analyze whether Service Quality and Experiential Marketing have simultaneous effect on consumer Loyalty at Djohnpao Kopitiam Multatuli, Medan?

1.5 Benefits of the Research

1.5.1 Theoretical Benefits

Contribute to existing theories especially relevant to Service Quality, Experiential Marketing, and consumer Loyalty

1.5.2 Practical Benefits

- a. For Djohnpao Kopitiam Multatuli

The researcher expects the results from this study could benefit the business to evaluate and take the result as suggestion to know the effect of Service Quality and Experiential Marketing on consumer Loyalty.

- b. For The Writer

The result from this study makes the writer gain new experience and more knowledge about the importance of Service Quality and Experiential Marketing on consumer Loyalty.

- c. For Future Research

The writer expects the result from this study could become a comparison for future researchers who are interested in studying the same topic which is the effect of Service Quality and Experiential Marketing on consumer Loyalty.