

# CHAPTER 1

## INTRODUCTION

### 1.1. Background

Nowadays, with the higher living standard, having dining in restaurants is not unfamiliar with Indonesian people, even it become a culture in great urban. Guests come to restaurants not only for eating and drinking but also for their business, their celebration or the others activities. No matter what business the owners are in, they always find ways to attract customers to their establishments. The research of customer loyalty is one of the most important variables for measuring the response of the community for the products of the restaurant, if the positive public response over the product is of course give the impact to the level of customer loyalty of these products will be higher as well and this is will happen again in other situation , it will be very useful for to be able to better understand what the needs and wants of the customer and can further improve the quality of its products. The relationship between service quality and customer satisfaction has received considerable attention in academic literature. The results of most research studies have indicated that the service quality and customer satisfaction are indeed independent but are closely related that and a rise in one is likely to result in an increase in another construct.

Guest come to restaurant not only enjoy aromatic flavor of food and beverage but also enjoy how the guests served, style of

restaurants, and the assurance, price, responsiveness & empathy, meal pace and reliability. The higher price customers pay when they eat in restaurant, the higher the demand they request about service quality and product quality. Therefore, the owners should to develop and improve their restaurants to satisfy the customers when they always deal and serve the choosy guests who can pay high for the food and beverage; however they require perfection for everything. Indeed, Customer is considered as King because customer is who makes decision whether a restaurant can continue to open and do business or not. In the hard race of conquering customer in order to persuade them purchase and repurchase a product of restaurant, restaurateurs always try to develop, modify and renovate service quality and product quality through defining factors that lead to customer satisfaction. This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

Customers form service expectations from past experiences, word of mouth and advertisement. In general, customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed. An assessment of how well a delivered service conforms to the client's expectation and to better assess client satisfaction. Product quality is the [group](#) of [features](#) and [characteristics](#) of a saleable good which

determine its desirability and which can be controlled by a [manufacturer](#) to meet certain basic [requirements](#). Most [businesses](#) that [produce goods for sale](#) have a product quality or assurance department that monitors outgoing products for consumer acceptability. Product quality also has the important, such as : for company, it is because bad quality product will affect the consumers' confidence, image and sales of the company. It may even affect the survival of the company. So, its very important for every company to make better quality products. For consumers, product quality is also important because they are ready to pay high prices, but in return, they expects best quality products. If they are not satisfied with the quality of product of company, they will purchase from the competitors. Nowadays, very good quality international products are available in local market. So, if the domestic companies dont improve their products' quality, they will struggle to survive in the market.

Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified [satisfaction](#) goals (Farris *et al.*, 2010). The importance of customer satisfaction diminishes when a firm has increased [bargaining power](#). Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Although sales or market share can indicate how well a

firm is performing *currently*, satisfaction is perhaps the best indicator of how likely it is that the firm's customers will make further purchases *in the future*. Customer Satisfaction is feeling happy or disappointed someone as a result of the comparison achievement of a product that one feels in relation to these expectations.

Customer loyalty is determined by 3 factors: relationship strength, perceived alternatives and critical episodes. The relationship can terminate if: 1) the customer moves away from the company's service area, 2) the customer no longer has a need for the company's products or services, 3) more suitable alternative providers become available, 4) the relationship strength has weakened, 5) the company handles a critical episode poorly, 6) unexplainable change of price of the service provided. Customer loyalty is a commitment from customers to do business with a particular company, buy products and services are offered many times, recommending the service or product to a friend or of their peers.

Previous research by Susanti (2014) investigating the effect of product quality and service quality on customer loyalty through customer satisfaction. Data collection was conducted through purposive sampling of consumers to traditional restaurants in East Java. The research found that product quality and service quality has significant effect on customer satisfaction. Customer satisfaction has a significant effect on brand loyalty. Customer satisfaction acts as a mediator between exogenous variables to consumer loyalty. The

results indicate that exogenous variables significantly influencing on brand loyalty are product quality and service quality.

The other one, by Ngoc and Uyen (2015) this study was conducted to examine the direct and indirect impacts of the factors of SERVQUAL model; tangibles, reliability, responsiveness, empathy, and assurance together with other factors of price, authenticity, and meal pace on guest satisfaction of luxury restaurants in Ho Chi Minh City through the mediation of factors of service quality and product quality. The empirical results provided a general view about customer's assessment about product quality or food quality and service quality of luxury restaurants. In addition, this study also argued that, to achieve higher guest satisfaction level, luxury restaurateurs should focus more on the improvement of their service quality, product quality, assurance, responsiveness, empathy, and reliability of staff, offer better price and pre-and in meal pace process. On the other hand, despite having no direct effect on guest satisfaction, tangibles dimension and activities of post meal pace process contributed an important indirect impact on guest satisfaction.

The reason why researcher choose this topic because, many people in this era, no only the teenager that like to follow the new concept about the food but the adults also like it. Cocari is the Japanese restaurant that give the service with the tag "all you can eat", this is make people can try anything in there, about the food and also the drink. It is the brilliant idea to make people be interest and go

there to see how the restaurant give the service to customers. And then, Cocari is cheaper than the other Japanese restaurant in Surabaya, so it can make people can be more comfortable when enjoy the serving and also when they are pay it.

Cocari is the name of a restaurant that serves Japanese-style food menu. The place is not too extensive, the atmosphere is relaxed and comfortable to enjoy dinner with family and lovers. Japanese menu is made in the style of traditional Indonesian specialties. So for example, the menu made with skewers, satay resembled typical Indonesian food, but basically all menus are Japanese-style menu. In Cocari we can enjoy the food menu or menu shabu-shabu soup, or a menu offering, yakiniku, or menu that has been finished, just be enjoyed. For menu yakiniku and shabu-shabu, can choose the menu that are of interest and then we cook it yourself, but if the menu is already so the chef will cook them for us. It feels good and delicious, fitted marinade, seep deeply into the flesh, so satisfied to enjoy it. The price for Japan's standard menu, not too expensive and not too cheap, too. The service was excellent and friendly, and courteous.

## **1.2. Research Question**

The basic of this research is to answer management questions especially in marketing management. This research, therefore, will answer 5 questions:

1. Does the Assuranse affect the Customer Satisfaction in Cocari Restaurant Surabaya?

2. Does the Price affect the Customers Satisfaction in Cocari Restaurant Surabaya?
3. Does the Responsiveness and Empathy affect the Customer Satisfaction in Cocari Restaurant Surabaya?
4. Does the Meal Pace affect the Customer Satisfaction in Cocari Restaurant Surabaya?
5. Does the Reliability affect the Customer Satisfaction in Cocari Restaurant Surabaya?
6. Is the Customer Satisfaction influence of Customer Loyalty in Cocari Restaurant Surabaya?
7. Is the Customer satisfaction as a mediating to those variable; assurance, price, responsiveness & empathy, meal pace and reliability?

### **1.3. Research Purpose**

This research is conducted because of the needs of academic world to keep developing to be better over time. Hence, there are twelve purpose of this research to analyze the affect from Cocary Restaurant are to know and to analyze the affect of:

1. Assurance to Customer Satisfaction in Cocari Restaurant Surabaya
2. Price to Customers Satisfaction in Cocari Restaurant Surabaya
3. Responsiveness and Empathy to Customer Satisfaction in Cocari Restaurant Surabaya

4. Meal Pace to Customer Satisfaction in Cocari Restaurant Surabaya
5. Reliability to Customer Satisfaction in Cocari Restaurant Surabaya
6. Customer Satisfaction to Customer Loyalti in Cocari Restaurant Surabaya, and
7. Customer satisfaction as a medating to those variable; assurance, price, responsiveness & empathy, meal pace and reliability
8. Assurance gives the positive impact to the Customer Loyalty through Customer Satisfaction
9. Price gives the positive impact to the Customer Loyalty through Customer Satisfaction
10. Responsiveness and Empathy gives the positive impact to the Customer Loyalty through Customer Satisfaction
11. Meal Pace gives the positive impact to the Customer Loyalty through Customer Satisfaction.
12. Realibility gives the positive impact to the Customer Loyalty through Customer Satisfaction

#### **1.4. Research Benefit**

1. Academic Significance

To give useful illustration and information for restaurants in making a good service quality, how and what elements in a

good service quality and can impact in adding values to the restaurant and customer.

## 2. Practical Significance

To serve as a reference and provide information to the other researchers that want to do further research on the impact of a brand on a company and how and what elements in a good international brand icon do add value to the company.

### **1.5. Writing Systematic**

Systematics of writing is divided into five chapters are arranged in a systematic as follows:

#### **CHAPTER 1: INTRODUCTION**

Explaining the background of the problem, formulation of the problem, research objectives, the benefits of research and systematic of writing.

#### **CHAPTER 2: LITERATURE REVIEW**

Contains the design of previous research that is relevant to the present study, the theoretical basis consists of the definition. Assurance, price, meal pace, reativeness & empathy and reliability. Also the relationship between variables, the conceptual framework of research and hypotheses.

#### **CHAPTER 3: RESEARCH METHODS**

Explaining the research design, identifying variables, the operational definition of variables,

types and sources of data, variable measurement scale, the tools and methods of data collection, population, sample and sampling techniques and data analysis techniques.

#### CHAPTER 4: DISCUSSION AND ANALYSIS

Contains the characteristics of the respondents, the results of data analysis that contains tests using SEM, and hypothesis testing.

#### CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

Discussing the conclusions from the results of hypothesis testing and the discussion that has been done, and propose suggestions that may be useful for companies and further research.

