

## CHAPTER I

### INTRODUCTION

#### 1.1 Background of the problem

At this time, many people need fast food to be consumed at the same time can be used as a gift to others. This makes some business actors take advantage of this situation to gain profits. One of them is a *bakery* or bakery. A bakery is a place that produces and sells foods that are flour-based and baked in the oven, such as breads, cookies, cakes, pastries, and pies (Ashokkumar, 2009). In Indonesia, the bakery business is one type of business that is quite in demand even during the pandemic (Lestarini, 2021; Sulistya, 2021). Many manufacturers of bakery businesses are competing to gain market share that has a broad scope to many groups. This shows that the bakery business is also one of the promising culinary businesses, because of the easy and abundant raw materials and high public interest in foods such as bread or cakes (Huda, Rochdiani, & Isyanto, 2021).

However, not all of these bakery businesses have been around for long and most have gone out of business (Puspaningrum, 2021; Sholihin, 2019). This is due to a lack of understanding or marketing strategy with this business. In fact, if you look closely, there are more and more *bakery businesses*, such as in Kudus, there are *Han's Bakery*, *Joy Cake & Bakery*, *Vanissa Bakery*, and *Roti Hikmah*, to large scale, such as *Sari Roti* and *Holland Bakery* which have *outlets* in many places (Holland Bakery, 2021; Sari Roti, 2021). Data from the Ministry of

Industry (2021) shows that in Central Java there are 88 *bakery business industries* , not including home businesses. This means that the *bakery* business is a type of business that is in great demand by business people, both small and large scale. This makes us need to pay attention to this type of business.

One of the many *bakery businesses* that deserve attention is *Han's Bakery* . *Han's Bakery* was founded in 2005 in Kudus by Hendrawan. *Han's Bakery* for 16 years has grown to have 6 branches spread across Central Java, from Kudus, Pati, Semarang, Solo, to Klaten. The recipe for *Han's Bakery* was formulated by Hendrawan and his wife, who used to be in the pastry world. David Kurniawan who is currently the *manager and head director of Han's Bakery* explained that although the price of bread sold by *Han's Bakery* is quite cheap, consumers can enjoy good quality bread because the ingredients used are fresh and of high quality, so it can produce a soft and moist texture. . Preservatives are also not used in *Han's Bakery products* which makes it suitable for consumption for 1 day for meat sandwiches and 3 days for sweet bread. The *bakery products* offered by *Han's Bakery* are in the price range of IDR 5,000 – IDR 10,000.

*Han's Bakery* has a vision to become a store that can always provide satisfying convenience and comfort for consumers in meeting their needs for various flavors and variations of cakes that can be consumed daily and at affordable prices. *Han's Bakery's* mission is to be sustainable in adding various variants of *bakery products* , strengthening human resources, and making quality innovations that are at the forefront of providing better comfort and convenience for consumers.

Along with the addition of *bakery business competitors* and changes in customer behavior, business actors must be able to think about providing and maintaining customer satisfaction. Business actors must also be able to understand and apply concepts and research on marketing in order to understand customer behavior and the factors that influence it. The behavior of these customers can be observed, for example, not only buying bread to eat, but also as a souvenir. Nowadays, bakery customers do not even pay enough attention to *product quality*, but also consider other factors, such as the *brand image* of a bakery and the *service quality* provided.

Saputri (2021) identified that customer satisfaction is influenced by, among other things, *service quality*. This identification was corroborated by Ridho (2021) who found that there was a significant positive effect of service quality and brand image on customer satisfaction of Duck Kaleyo Cempaka Putih. This finding is in line with Devi (2021)'s point of view that product quality and brand image have a significant positive effect on customer satisfaction at J.CO Donuts & Coffee. Furthermore, Permana (2021) said that product quality and service quality had a positive and significant impact on consumer satisfaction of Mie Gacoan Ambengan Surabaya. Based on Saputri (2021), Ridho (2021), Devi (2021), and Permana (2021) it can be said that *brand image*, *product quality*, and *service quality* affect customer satisfaction.

All literature studies conducted indicate that some of these studies do not discuss *brand image*, *product quality*, and *service quality* on customer

*satisfaction* . The absence of discussion of these four variables in one model is the *research gap* in this study.

Based on the description presented, the authors consider it necessary to conduct research related to the influence of brand image ( *brand image* ), product quality ( *product quality* ), and service quality ( *service quality* ) on customer satisfaction ( *customer satisfaction* ). As a focus, the author chose *Han's Bakery* which is a form of bakery business as the research location. Thus, the research conducted is entitled: “The Influence of Brand Image, Product Quality, and Service Quality on Customer Satisfaction (Customer Study of *Han's Bakery* Kudus)”.

## 1.2 Scope

The focus of the research discussion is as follows:

- (1) The selected samples are customers who have purchased at least three times at *Han's Bakery* Kudus during the last two years;
- (2) The object is *Han's Bakery* Kudus
- (3) The exogenous variables in this study are *brand image* , *product quality* , and *service quality* .
- (4) The endogenous variable in this study is *customer satisfaction* .



### 1.3 Formulation of the problem

Based on the background of the problem and the scope that has been determined, the independent variables are brand image ( *brand image* ), product quality ( *product quality* ), and service quality ( *service quality* ) and the dependent variable is customer satisfaction ( *customer satisfaction* ) *Han's Bakery* Kudus, as follows The formulation of this research problem is as follows:

- (1) How is the effect of *brand image* on *customer satisfaction* at *Han 's Bakery* Kudus?
- (2) How is the effect of *product quality* on *customer satisfaction* at *Han 's Bakery* Kudus?
- (3) How is the effect of *service quality* on *customer satisfaction* at *Han 's Bakery* Kudus?
- (4) How is the effect of *brand image* , *product quality* , and *service quality* on *customer satisfaction* at *Han 's Bakery* Kudus?

### 1.4 Research purposes

The purpose of this research is to find out:

- (1) The effect of *brand image* on *customer satisfaction* at *Han 's Bakery* Kudus.
- (2) The effect of *product quality* on *customer satisfaction* at *Han 's Bakery* Kudus.
- (3) The effect of *service quality* on *customer satisfaction* at *Han 's Bakery* Kudus.

- (4) The influence of brand image ( *brand image* ), product quality ( *product quality* ), and service quality ( *service quality* ) on customer satisfaction ( *customer satisfaction* ) *Han's Bakery* Kudus.

### 1.5 Benefits of research

The results of this study can be useful:

(a) Practically

Can provide information as an evaluation material for product quality, service quality and brand image of business actors in implementing effective marketing strategies.

(b) Theoretically

Can provide references for interested parties, especially in the field of bakery marketing.

