

# CHAPTER 1

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

In this 21<sup>st</sup> century, bar or restaurant is one of the most significant roles in the hospitality industry, whereas it also influences the countries' income and GDP. Recently, bar and restaurant sectors have become one of the most competitive industries among others sectors. In order to increase the guest loyalty, restaurant's employees need to fulfill guest's need by serving them in proper manner in order to fulfill the guest satisfaction and make sure the continuation of the business until today. Like at "53 Steps Laurence", it is one of important roles of fine dining in Medan, especially in North Sumatra. This family own business bar and restaurant operates under The Group Nine, enable to compete with the strength of marketing brand and develop strategies in order to improve competitiveness in North Sumatra. On the other hand, the brand of the bar and restaurant is an essential factor that emphatically or contrarily influences advertising exercises and the image, the main thing that creates a good impression of the bar and restaurant (Mubiri, 2016, p.12).

"53 Steps Laurence" is a casual fine dining bar and restaurant that located at Jl. Petula No 2A. It was established on 11 November 2018, which is located at the 3<sup>rd</sup> floor of the Laurence House restaurant. The bar and restaurant mainly served alcoholic beverage, such as: cocktail and any other

international selection of beer and wine. Besides that, the bar and restaurant also served non-alcoholic beverage, such as: juice, mocktail, and others. On the other side, types of the food that “53 Steps Laurence” served are mix fusion fine dining, which are mix between Asian and Western food. One of the chef of this bar and restaurant has been trained and worked as airline fine dining chef in Middle East, with mainly served business class and first class passengers. “53 Steps Laurence” operates every day from 9 am to 11 pm on weekdays and from 9 am to 1 am on weekends. The total revenue sales of this bar and restaurant are Rp.400,000,000 to Rp.500,000,000 per month with the total staffs in “53 Steps Laurence” are 20 peoples. The name of “53 Steps Laurence” which means the 53 steps of stairs to reach into “53 Steps Laurence” and the name Laurence come from the name of the restaurant that are open on the first floor. Nevertheless “53 Steps Laurence” is a new bar and restaurant, The Group Nine has successfully run other restaurant namely: Harbour Nine, Straits Nine, L.Co Coffee, Higher Steps, and Laurence House. Hence, “53 Steps Laurence” is easily known in North Sumatra, especially in Medan. To increase the sales, “53 Steps Laurence” promoting their special events including DJ and band, which are hold every Saturday night through social media. In addition, there will be a special rate, which will be informed randomly in voucher, such as: Dealjava. Lastly, “53 Steps Laurence” has been gaining and retaining guests, which makes guest satisfaction is important. In this paper, the writer is going to find about the correlation of service quality and guest satisfaction at “53 Steps Laurence”.

Every bar and restaurant have different ways and styles of services. Unlike “53 Steps Laurence”, although different branches have different ambience and decoration will apply the same quality of service. Quality is one of the most significant factors to reach the goal in any business sector, especially in the hospitality industry, where quality explains as one of the factors based on the ability to meet the requirements of products or services. In the context of hospitality industry, the concept is referred as service quality. Service quality is related to the comparison between guest’s service expectation and the ability. According to Jovanović (2015), quality in the hospitality industry is defined as the consistent delivery of products and guest services according to expected and standards with the aim of creating value for the guest. Besides that, an excellent hospitality can also reflect a country’s image as it tells the quality and value of service in a country. Moreover, by applying excellent interpersonal skills, organizational skills, and communication skills to serve the guests, the hospitality can communicate fluently with guests in different ages from around the world.

As global markets are very competitive these days, a lot of bar and restaurant are facing challenges in maintaining the guests. By increasing satisfaction and quality of standard, bar and restaurant can slowly increase the guests’ expectation level. Holding onto returning guests are important to a bar and restaurant as over time can reduce the cost of service. A returning

guest already has knowledge of the product, which requires less information, purchases more services, tend to pay higher prices for premium services and willingly offers word-of-mouth recommendations to others (Bai, 2016, p.05).

Every bar and restaurant have different strategies to improve the services and product quality, which can be measured by the level of the guests' loyalty. The main purpose of guest satisfaction is not just to satisfy guests, but also need to understand what guests need by offering premium services.

At "53 Steps Laurence", there are some challenges that have been faced by their head department, supervisor, including the staffs and intern students. At bar and restaurant section, every staff needs to good handling all problems including about payments and discounts, remember guest's favorite food and beverage, cleaning the outlet, handle when guest drunk or even fighting with someone during on job duty. Besides that, there will be a rolling schedule exclusively in bar and restaurant department to different outlet including "53 Steps Laurence", Laurence House, Harbour 9, Straits 9, Higher Steps and Lco Coffee, which have different time of operational hours. In every bar and restaurant, there will be some minor mistakes that need to fix in order to improve the errors and get compliments in the future. According to the rules, serving beverage there will be a maximum time of

15 minutes. On the other side, food needs to be processed in the kitchen and served the latest 30 minutes until the guest table. In case, when suddenly there are a lot of guests in the “53 Steps Laurence”, whereas there are no seats available, the guests could be transfer to one of the available beverage outlet. The VIP and loyalty guests at “53 Steps Laurence” will be offer a free of complimentary beverage based on the availability. Asides of that, guests can enjoy the extra discount when they can show the The Group Nine member loyalty card.

Although “53 Steps Laurence” bar and restaurant department teams have a lot of rules and regulations during on job duty, there will be a few errors that can be found there in some cases, such as: When suddenly there are a lot of guests ordering hot food or special request food in the large quantity, there will be exceed of service time based on the regulations as there are lack of human resource. As the results, the in-charge staffs need to give compliments to make the guests feel satisfied, such as: food platter or desserts. Next, a few regular guests that know and understand about alcoholic beverage will be often order the specialty of alcoholic drink in the lounge or bar, but some new trainee employees didn’t know how to mix whereas every special request beverage can only be handle by the head of the staffs who are in charge of the outlet. Lastly, some new trainee employees lack of smile, not greeting the guests, and not fluent in speaking

English language, which make some of the guest mindset feel that the bar and restaurant has failed to train and educated the staff badly.

Hence by doing this research, writer can finally know what needed to be change so that “53 Steps Laurence” can finally solve it which will lead to increasing the service quality at there and increase guests satisfaction. Thus, the title of this research is **“The Influence of Service Quality Towards Guest Satisfaction at “53 Steps Laurence””**

## **1.2 PROBLEM LIMITATION**

Due to the time, the writer would like to limit the research to service quality as the independent variable and its relation to guest satisfaction as the dependent variable at “53 Step Laurence” which is located in Medan, North Sumatra. This research is going to be conducted within the guests of “53 Step Laurence” on the period of May 2020.

The writer conducts the research based on the service quality theory and the guest satisfaction theories. From service quality theories, the indicators are tangibles, reliability, responsiveness, assurance, and empathy whereas in guest satisfaction theories, indicators words of mouth, guest loyalty, and repeat sales.

## **1.3 PROBLEM FORMULATION**

Based on the background of study, the writer can formulate a question as follow:

1. How good is the service quality at “53 Steps Laurence”?

2. How good is the guests' satisfaction at "53 Steps Laurence"?
3. Does service quality affect guest's satisfaction at "53 Steps Laurence"?

#### **1.4 OBJECTIVE OF THE RESEARCH**

The purpose of this research is to evaluate, investigate, and identify the service quality and guest satisfaction at "53 Steps Laurence".

#### **1.5 BENEFIT OF THE RESEARCH**

##### **1.5.1 THEORETICAL BENEFIT**

The theoretical benefit from this research is to broaden writer's knowledge about implementing the quality of services, how satisfied the guests, and how frequent the guest visited. Moreover, this research may also provide some information for readers to improve their knowledge about the details of the quality of services and as a reference for the related research in "53 Steps Laurence" with aim to increase productivity and performance of bar and restaurant.

##### **1.5.2 PRACTICAL BENEFIT**

The practical benefits from this research are to show company the importance of implementing the quality of services, how satisfied the guests, how frequent the guest visited, and the guest loyalty. From the writer side, the information that were collected and gathered during the research, it will be used for thesis purpose. On the other side, it also can gain extra knowledge from the research. Next, from the bar and restaurant side, the research can be used as information to evaluate bar and restaurant lacks performance in order to boost the boost the bar and restaurant's

achievement. Lastly, from the other side, the information that collected from researching can be used as references in the future.

- a. For the writer, the research will expand or add knowledge about the service quality and guest satisfaction.
- b. For the company, the research will give recommendations for the company to enhance its service quality and guest satisfaction.
- c. For other researcher, this research can be used as reference in doing their research and have more understanding about the variables.

