

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this modern world, there is a lot of competition in food and beverage industry. The tight competition have indirectly affect businesses in maintaining its customers. In order to survive, restaurant needs to provide satisfying services in order to attract new customers, particularly in maintaining customer loyalty.

Service quality has always been one of the most fundamental factor to measure customer satisfaction. Employees play a major part in this industry as employees directly serves the customer to ensure one needs is fulfill. A successful employee evaluation project will also help to ensure the restaurant management streamlines the conduct of employees while serving customers.

As “customer satisfaction is one of the most important issue concerning business organization of all types, which is justified by the customer oriented philosophy and the principles of continues improvement in modern enterprise”. (Arokiasamy in Daikh, J. 2015). Thus, it can be concluded that service quality is in between of customer expectation and perceive services provided by company and results of a comparison between the delivered products and the expectation of customers.

With the increasing competition, it also came with the increasing choices of restaurants, providing greater value for money or greater services, that there is little to distinguish one restaurant products and services from another.

Therefore, it has become more essential for restaurant to give and gain appraisal from customers. As it will bring advantages for the business and one step closer in achieving the goals. Since happy customers will definitely return.

“In business world, there are few stages of company cycle: launch, growth, shake out, maturity and decline. These five stages are nearly happened to any kind of business, be it startup or established company” (Pratomo, R. 2019)

From the statement above, it can be concluded that every businesses will come to an end, however in an indefinite and unpredicted timing. That said, in order to stay longer in the industry, a company need to be innovative and up to date.

Nowadays, there are a lot of restaurant that hardly enter the second phase (growth) and tend to stay on the launch stage. Hence, entrepreneur are demanded to always be updated with the advancement and to improve quality to meet the demand or expectation of the industry.

Based on the observation of researcher, at this moment Grand Liberty restaurant Medan who has been running for the past ten years has been entering the maturity phase, where this business is still running though with a minimal profit margin. Additionally, there are rumor spread out where this business will be close soon and yet it can still stand until today.

As for this fact, the researcher is interested to find out how the process of services in this restaurant could affect the stability of the restaurant and choose the title “Analysis of Restaurant Service towards Customer Satisfaction at Grand Liberty, Medan”.

1.2 Problem Limitation

Due to limitation of experience and knowledge that the writer has, the duration on this research is limited from 13th May-19th May 2019. This research is also limited to customers of food and beverages department in Grand Liberty Restaurant, Medan to find out the level of service quality and customer satisfaction. Service quality includes reliability, responsiveness, assurance, empathy, and physical evidence. Customer satisfaction includes overall customer satisfaction, confirmation of expectations and comparison of ideal.

1.3 Problem Formulation

Does Grand Liberty Restaurant service quality influence customer satisfaction?

1.4 Objective of the Research

To investigate how Grand Liberty Restaurant could keep retaining their current customer satisfaction and simultaneously gain new customer.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

This research could be useful to other researcher in gaining more knowledge about service quality and customer satisfaction. It could be a previous research for the future researcher.

1.5.2 Practical Benefit

1. Benefit for the restaurant:
 - a. To help in increasing the performance of services at Grand Liberty Restaurant.
 - b. To help increasing customer satisfaction with the services provided by the employees at Grand Liberty Restaurant.
2. To provide a better understanding and gain more knowledge of service quality towards customer satisfaction in restaurant.

1.6 Systems of Writing

This proposal begins with the abstract and consists of three chapters. The researchers compiled the writing with the following details:

Chapter 1: Introduction

This chapter includes background of the study, problem limitation, problem formulation, objective of the research, benefit of the research (theoretical and practical benefit) and systems of writing. The background of study contains general theories, problem limitation is to limit the research discussed

and problem formulation is the research questions that will be investigate. In the end is system of writing, which contains an overview of the final paper content.

Chapter 2: Literature Review and Hypothesis Development

This chapter consists of theoretical background, previous research, hypothesis development, research model and framework of thinking. Theoretical background is the general theory that in accordance with the background and narrowed to research problem. Previous research is the previous studies of other researcher. Hypothesis development is the hypothesis developed from previous research. Research model is a model to prove the truth of hypothesis. Framework of thinking is a chart consists of background of the study, problem formulation, grand theory and hypothesis or research.

Chapter 3: Research Methodology

This chapter consists of research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method. Research design describe about the research method. Population and sample explain about population and sample selection method of the research. Data collection method describe briefly on method used to collect data such as primary and secondary data. Operational variable definition and variable measurement explain about the variable definition and method used to measure the variables. In data analysis method, it explains steps on calculating the data of the research.

Chapter 4: Data Analysis and Discussion

This chapter explains about General view of “Research Object”, Data analysis and Discussion. The general view of research object explains about the company’s background,

vision, mission and organizational structures. Data analysis contains descriptive statistic, result of data quality testing and result of the hypothesis testing. Discussion section will describe the result of data analysis precisely.

Chapter 5: Conclusion

This chapter contains conclusions, implication and recommendation from the results of the research. The conclusion contains brief summary to facilitate in understanding the research and the implication contains theoretically and practically impact of the research.

