

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Hospitality industry is all kinds of industries or organization that have activities related to hospitality, service and entertainment for guests and may be a company that serve food and beverage or accommodation for people who stay away from home for a while. Hospitality Industry main priority is focused on the satisfaction of customers and gives unforgettable experiences for them. Hospitality industry is divided into several sectors, those sectors are travel and tourism, food and beverage, lodging and recreation. Hospitality industry especially restaurant business grow rapidly in Medan, North Sumatra. Restaurant is the the most desirable fields and become the largest element of the hospitality industry and can differentiate into upscale restaurants, fast-food restaurant, catering business, café and many other types of restaurants. Food and beverage can also be a side business such as in movie theaters or e-sport cafe.

Medan City is famous of the culinary sector as government also supports the development of food industry in Medan which can be seen from events they held such as Food Medan Expo and Medan International Food & Hotel Expo (MIFHEX) every year. Many new culinary places have sprung up, but these businesses are never ending. Good taste, good services, comfortable atmosphere and following the trends are the key to survive in the midst of this intense competition. Japanese food and Korean food are on trends nowadays in Medan. It can be seen on many Japanese and Korean restaurants being open such as Magal Korean BBQ, Chungiwa, Shaburi and Kintan, etc.

Competition in food industry in Medan, North Sumatra is getting tougher, taste factors are not only the main priority, overall

customer satisfaction through dining experience also acknowledged as the crucial key to success in the restaurant business. Kotler (2000), stated that customer satisfaction feeling appeared can be a feeling of satisfactory or disappointment that comes up after comparing between the expectations and the results of perceived or received product or service. It is a common opinion that if customers feel satisfied with a product or service, they tend to continue to buy and use it and tell others about their pleasant experiences with products or services. The absence of customer service will make customer feel not welcomed. There is a popular saying in the restaurant industry that states people will come for the food, but will return again for the service. The ambience of a restaurant is an important factor in succeeding business and poor customer service will results in a poor ambience which can drives away a potential of loyal-customers.

In order to survive in food industry, a restaurant sometimes needs guest opinion to know what they lack of to improve their performance. Restaurant management can identify the value or level of customer satisfaction with the services provided based on five (5) dimensions of service quality: tangibility, responsiveness, reliability, assurance, and empathy (Parasuraman, Zeithaml, & Berry, 1990). For instance, Raku Japanese Restaurant changes their restaurant's management system, including service performance. They intended the change to follow global modernization in food industry.

Raku Japanese Restaurant is located in Jalan R.A Kartini No. 30, Medan, North Sumatra. The restaurant was known as Itcho Sushi before changing its name. They made a low profit at that time and could not cover the operational cost. Many reviews on internet stated that they had a poor restaurant management and poor service performance, which may be one of the reasons that caused the restaurant infrequently visited by customers. So, they re-managed the restaurant operational system and service performance and re-open as

Raku Japanese Restaurant in 2018 which is now managed by Tenya Group. Tenya is the most successful Japanese restaurant chain in Japan they also operates in Thailand, Philippines and Indonesia. They offer authenticity and stated that their ingredients and equipment come from Japan to ensure in providing the best tasting products to guest. For this reason, writer is interested to know how is the dimensions of service quality in Raku Japanese Restaurant is.

Based on the above explanation, the writer decided to come out with the title: **“MULTIPLE REGRESSION ANALYSIS OF SERVICE QUALITY DIMENSIONS TOWARD CUSTOMER SATISFACTION AT RAKU JAPANESE RESTAURANT MEDAN”**

1.2 Problem Limitation

In this research, writer will analyze about service quality of Raku Japanese Restaurant Medan toward customer satisfaction based on five (5) dimensions of service quality according to Parasuraman, Zeithaml, & Berry (1990) where the questionnaire's questions are made based on that five (5) dimensions of service quality which consists of:

1. Tangibility about the location, facilities, and cleanliness
2. Reliability about the accuracy and consistency on taste, operational hour, delivering food, and inputting bill
3. Responsiveness about fast response to all customers need and initiative of staffs in handling customers such as recommend their favourite product, arrange and directing seating place
4. Assurance about having product knowledge to ensure the food is safe to consume and courtesy in delivering service
5. Empathy about giving individual attention and know customers need.

1.3 Problem Formulation

The problem formulations are described as below:

1. How do the tangibility dimension of service quality affect customer satisfaction partially at Raku Japanese Restaurant Medan?
2. How do the reliability dimension of service quality affect customer satisfaction partially at Raku Japanese Restaurant Medan?
3. How do the responsiveness dimension of service quality affect customer satisfaction partially at Raku Japanese Restaurant Medan?
4. How do the assurance dimension of service quality affect customer satisfaction partially at Raku Japanese Restaurant Medan?
5. How do the empathy dimension of service quality affect customer satisfaction partially at Raku Japanese Restaurant Medan?
6. How do the dimensions of service quality affect customer satisfaction simultaneously at Raku Japanese Restaurant Medan?

1.4 Research Objective

The objectives of this research are described as shown below:

1. To find out the partially effect of tangibility dimension of service quality toward customer satisfaction at Raku Japanese Restaurant Medan
2. To find out the partially effect of reliability dimension of service quality toward customer satisfaction at Raku Japanese Restaurant Medan

3. To find out the partially effect of responsiveness dimension of service quality toward customer satisfaction at Raku Japanese Restaurant Medan
4. To find out the partially effect of assurance dimension of service quality toward customer satisfaction at Raku Japanese Restaurant Medan
5. To find out the partially effect of empathy dimension of service quality toward customer satisfaction at Raku Japanese Restaurant Medan
6. To find out the simultaneously effect of service quality dimensions toward customer satisfaction at Raku Japanese Restaurant Medan.

1.5 Benefits Of The Research

1.5.1 Theoretical Benefit

The research is intended to educate readers to increase knowledge about service quality which will be very useful to build insight into the world of industry and can be used as a reference for students in others next researchs about service quality. Especially in this research will be discussed about service quality analysis based on five (5) dimensions of service quality according to Parasuraman, Zeithaml, & Berry (1990)

1.5.2 Practical Benefit

The research is intended to analyze customer satisfaction of the service performance of Raku Japanese Restaurant. By the review, restaurant visitors can get more information about how the service quality affects on customer satisfaction at Raku Japanese Restaurant after upgraded.

1.6 Systems Of Writing

THIS THESIS WILL BE ARRANGED IN FIVE CHAPTERS, BELOW IS THE BRIEF DESCRIPTION OF EACH CHAPTER:

Chapter I an introduction part which consists of six sub-titles and its explanation. The six sub-titles are background of study, problem limitation, problem formulation, objectives of the research, benefit of research, and systems of the writing.

Chapter II the part of literature review which consists of five sub-titles and its explanation. The five sub-titles are theoretical background, previous research, hypothesis development, research model and framework of thinking.

Chapter III the part of research methodology which consists of five sub-titles and its explanations. The five sub-titles are research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

Chapter IV the part of data analysis and discussion which consists of three sub-titles. The three sub-titles are general view of the research object, data analysis (descriptive statistic, result of data quality testing, and result of hypothesis testing), and discussion.

Chapter V the part of conclusion which consists of three sub-titles. The three sub-titles are conclusion, implication, and recommendation.