

CHAPTER I

INTRODUCTION

This chapter gives an outline of the whole research. This chapter discuss about the background of the research, research question, research purpose, research benefit, research limitation, and research method used as an overview. The flow of chapter I can be seen in this figure below.

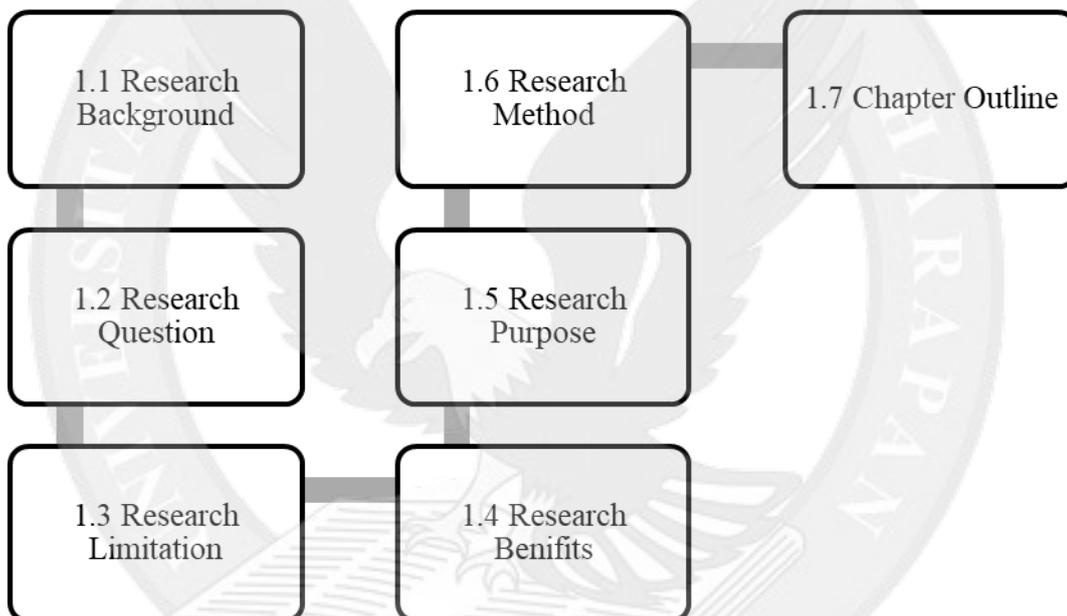


Figure 1.1 Flow of chapter I
Source: Developed for this research (2018)

1.1 Research Background

The global fast food restaurant industry has experienced a significant growth in recent years in response to changes in consumer tastes and challenging global economic conditions (Nguyen *et al.*, 2018). The term fast food refers to the food which can be prepared and served quickly than any other meals. Generally, fast food refers to the food sales in restaurants and stores with low time preparation

and served with package to be taken away or takeout. With the fast process of preparing the food and serving it to customers, this will make customers to be more willing to buy again.

Customers are the key core in doing any kind of businesses. To encourage customers to do repurchase, businesses must be able to satisfy them. In the context of a fast food restaurant, providing a high-quality food and quick service are necessary to create satisfactions. After satisfaction of customers have been created, customers can decide if they want to do repurchase in a fast food restaurant or not.

Customers have many reasons to visit a restaurant. The attributes that are commonly sought by customers are: quality, value, and rejuvenating and comfortable environment (Shaharudin *et al.*, 2011). Customers also put a premium on time saving and eating healthy food in better eating environments and thus resulting in the emergence of quick-casual restaurants (intermediate concept between fast food and casual dining restaurant) in the foodservice industry (Ryu and Han, 2010). And thus, the food quality of a restaurant is very important for customers because that is one of the main values that almost all restaurants can offer to customers to satisfy their needs and demands regardless if it's a casual restaurant or a fast food restaurant.

Although service is minimal, quick-casual restaurants can offer menus more reflective of casual dining restaurants (Ryu and Han, 2010). If the value of the products exceeds the expectations of customers, it will guarantee a continuous

amount of demand (Shaharudin *et al.*, 2010). In this case, fast food restaurants must be able to deliver good food swiftly to the customers because that is the expectation of customers towards fast food restaurants. They must be able to deliver what the customers want without disregarding the capacities and capabilities of the fast food restaurants.

Most researchers used food quality and service quality to determine whether customers are satisfied or not which will influence customers to do repurchase in restaurant industries, whether it is fast food, fine dining, or casual restaurants (Hanaysha, 2016; Khan *et al.*, 2013; Namkung & Jang, 2008; Nasir *et al.*, 2014; Parsa *et al.*, 2012; Qin & Prybutok, 2008; Ryu & Han, 2010; Ryu *et al.*, 2012; Shahzadi *et al.*, 2018; Walt *et al.*, 2014). However, only few researchers that have conducted a research about how price-value ratio affects customer satisfaction in fast food restaurants and the scope of the research is usually too broad, making the results not specific or too general. Price-value ratio is an important key factor in determining customer satisfaction that influence customer repurchase intention in fast food restaurants. This statement is supported by Rana *et al.*, (2017) and Namin (2017).

According to Rana *et al.*, (2017), price-value ratio is a key determinant that can impact customer satisfaction in the context of fast food restaurant. Furthermore, price-value ratio measures the comparison of the perceived value that customers get by paying a certain amount of money. Namin (2017) also stated that price-value ratio can improve customer satisfaction towards a fast food

restaurant. In his research, he found that price-value ratio can directly influence customer satisfaction and affect customers' behaviour to do repurchase.

This research aims to find the relationship between these two variables because this research is limited in the context of fast food restaurant. And thus, the researchers aim to find the relationship of price-value ratio and customer satisfaction accompanied by food quality and service quality which will affect repurchase intention in the context of fast food restaurant in Indonesian market. The research is conducted using Burger King in Supermall Karawaci to find whether the customers there are more satisfied if the price-value ratio in Burger King Supermall Karawaci is excellent and accompanied by food quality and service quality, which will encourage them to do repurchase. This is the literature gap that the researchers aimed to fill in this research.

1.3 Research Question

The research questions are based on the background of the research. The research questions that would be discussed in this research are as follow:

1. Is there any significant positive relationship between service quality and customer satisfaction level in a fast food restaurant?
2. Is there any significant positive relationship between food quality and customer satisfaction level in a fast food restaurant?
3. Is there any significant positive between price-value ratio and customer satisfaction level in a fast food restaurant?

4. Is there any significant positive relationship between customer satisfaction and repurchase intention in a fast food restaurant?
5. Is there any significant positive relationship between service quality and repurchase intention in a fast food restaurant?

1.4 Research Purpose

Below are the purposes that this research aims to achieve:

1. To find out whether there is a significant relationship between service quality and customer satisfaction in the context of fast food restaurant.
2. To find out whether there is a significant relationship between food quality and customer satisfaction in the context of fast food restaurant.
3. To find out whether there is a significant relationship between price-value ratio and customer satisfaction in the context of fast food restaurant.
4. To find out whether there is a significant relationship between customer satisfaction and repurchase intention in the context of fast food restaurant.
5. To find out whether there is a significant relationship between service quality and repurchase intention in the context of fast food restaurant.

1.5 Research Benefit

This research is beneficial to fast food chains owners and upcoming entrepreneurs that wished to start a franchise or a new chain of fast food restaurants. The benefits of this research are:

1. This research is hoped to create an insight towards fast food restaurants owners about the current condition of Indonesian market reaction towards fast food restaurants.
2. With the identification of basic customer satisfaction elements for fast food restaurant, this research is hoped to give fast food restaurants owners which elements of the customer satisfaction is most important to paid details on, to result in higher customer satisfaction which leads to higher profit.
3. The further emphasize of food quality in this research is hoped to create a further knowledge on Indonesian market behavior towards food. Whether its appearance, taste, or quantity that matters the most.

1.6 Research Limitation

The topic of fast food restaurant and Burger King as its object of research covers a lot of area, thus this research would be given limitation. This limitation aims to give the research a more focus approach. The research has several limitations, which considers the scope of the research and the time it takes for doing the research.

1. The research scope will cover fast food restaurant context.
2. The research object is only limited to Burger King in Supermall Karawaci.
3. The research is conducted in Indonesia.
4. The service quality variable is measured in a first order method.

1.7 Research Scope

Due to the limited time and resources, researcher narrowed down the scope of the problem so that the accurate analysis will be attained for this research. Analysis of this research is narrowed down to people who have eaten at Burger King Supermall Karawaci at least once in the last one year. This research is also limited to Indonesia as it is conducted and applied in Indonesian context. Furthermore, this research is also limited to discussion about service quality, food quality, price-value ratio, customer satisfaction, and repurchase intention.

1.8 Research Method

This section will summarise the methodology research used to answer the research questions. In research, there are two types of research design, which are qualitative research and quantitative research (Zikmund and Babin, 2010, 56). This research opted to use quantitative research. Quantitative research is used to test hypothesis using measurement in which will further be analysed statistically.

Among the three types of research, which are causal, descriptive and explorative research. This research prefers the use of descriptive research. Descriptive research is used to further understand the characteristics and relationships between variables of research (Iacobucci and Churchill, 2010, 58-59). By looking into phenomenon, researchers can describe it using the chosen variables.

There are two types of data, primary data and secondary data (Aaker *et al.*, 2011, 93). Primary data is a data that can be obtained directly from its sources.

Secondary data is a data that can be obtained from existing sources. This research used primary data to collect the data required for hypothesis testing.

In data collection, this research used data collection method of using questionnaires. Questionnaire is a set of questions which is written to help facilitate the research in storing answers and responses from respondents (Shaughnessy *et al.*, 2009, 159). Furthermore, using questionnaires in collecting data from respondents will be efficient when the researcher knows what is needed and how to measure the variables of the research.

The sampling unit used as the data for this research consist of people that had visited Burger King Supermall Karawaci at least once in the past one year. This sampling unit doesn't specifically take demographic as a filter, as it mainly focusses on the people that had experienced Burger King Supermall Karawaci as recent as past one year.

The sampling method used in this research is non-probability method. The method under non-probability sampling to be used is judgment sampling. It is considered a judgment sampling as researches would give questionnaires to people that the researchers think suited of the criteria. Judgment sampling is used as the researchers need people that have experienced dining at Burger King Supermall Karawaci as the respondent.

The analytical method used in this research is SEM (structural equation modelling). The SEM is used as the model for this research consist of an intervening variable. SEM is a multivariate analysis technique that can examine a

series of multiple equations of dependence relationships. It is useful when the research requires a hypothesis testing.

1.9 Chapter Outline

This research is arranged in five chapters which are interconnected with each other as follows:

1. Chapter I: Introduction

Using secondary data from current world events and journals towards the problem stated, this chapter discuss about the background, research problem, research purpose, research benefit, research limitation, and the systematic outline that is used as a guide of thinking in this final paper.

2. Chapter II: Literature Review

This chapter explains about theories that will be the foundation in the analysis of research variables, research model, and hypothesis in accordance with research purpose.

3. Chapter III: Research Method

This chapter discusses about research design, approach used in the research, definition of variables in a conceptual way, population and sample, type of data and data collection technique, data analysis method and result interpretation.

4. Chapter IV: Result and Discussion

This chapter explains the result of data processing acquired from questionnaires using the method and testing that has been set in Chapter III. And then, proving the research hypothesis, explaining result, and giving managerial implication from the result that has been acquired.

5. Chapter V: Conclusion and Suggestion

This chapter explains about the conclusion from the result of the research that is gained from the data analysis. And giving suggestion for fast food chains in Indonesia, especially for Burger King in Supermall Karawaci and for the next research.

