

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Hospitality industry is an industry which known to be service based. It continues to develop rapidly during throughout the years. The sector can be categorized into accommodation, food and beverage, entertainment and transportation. Accommodation sector includes hotel, motel and inn which provide place to stay for the guest. Food and Beverage sector such as restaurant. Entertainment sector includes outlet such as amusement park. Lastly, Transportation sector includes such as taxi and cruise. The similarities of sectors mentioned are that each sector involving providing not only goods or product but also service in guest purchase experience. Therefore, in hospitality industry service quality holds a crucial role.

One of the hospitality industry sectors with high popularity is food and beverage. It could be generally expected that food is the basic need with very high importance in human lives. In the past, restaurant starts as small food stall but nowadays restaurant is wide and globalized by franchising.

There are wide varieties of food and beverage sector. There are appetizer, soup, main course, dessert and snack. Various beverage sold from juices, carbonated drinks, mocktail to alcoholic drink which includes cocktail beer, and spirit. Thus, many types of restaurant exist such as fast food restaurant, family restaurant, fine dining restaurant, bistro, bars, café or food stalls are part of food and beverage sector.

The number of restaurant in Medan is rapidly growing for the past few years. More restaurants with global franchise such as Burger King and Koi started to be available in Medan.

Therefore, majority of people often eat out either on weekdays or weekends instead of preparing their own meal at home which influence the increased numbers of restaurants. Moreover, it also served as a treat in the weekend after long day of work throughout the week.

Besides to have their meal out, people also often visit restaurant to relax, chat and spend time with their friends and family or have meeting held in the restaurant with their colleagues.

Hee Lai Ton Restaurant Medan is a restaurant which serves Chinese Cuisine, known for the delicious taste. It is actually a chain restaurant from Malaysia which makes the Hee Lai Ton Restaurant Medan the eighth restaurant and the only restaurant in Medan. Besides for lunch and dinner, it also accepts request to host birthday party and wedding party. Hee Lai Ton Restaurant Medan is well-known among the Chinese food lovers.

The goal of the restaurant is not only to gain new customers to visit the restaurant but it is also to ensure future purchase decision probability of the customers. However, from the writer's observation, the advertisement regarding Hee Lai Ton Restaurant is seldom in the internet platform such as the social media which is widely and often used by people. There is no promotion such as discounts if the payment method is done by debit or credit card. The advertisement and promotion are important in order to become the final choice of purchase decision. It allows the restaurant to attract new customers and maintain regular customer.

There are many factors that influence the purchase decision at a restaurant such as price, the quality of food product, service quality, etc. As a part of hospitality industry, service quality is undeniably important for Hee Lai Ton Restaurant Medan. To be able to compete with other restaurants, not only do the restaurant need to have signature dishes but also restaurant facilities such as parking lot, music, security, free internet connection and

mostly good service quality. However, during the brief interview with the guests regarding whether there are any complaints or dissatisfaction before the research is being conducted, there were some unfavorable reviews from the guest who claimed that food delivery was slow, delays in fulfilling guest request, a staff who was unfriendly and difficulties to park their vehicles.

Wibowo and Soedjono in Lahindah et al. (2018) stated that service quality is the action and performance of the staff and it needs to be good because service quality is one of the crucial factors to determine purchase decision. Customer will feel comfortable and happy if the service is excellent and the probability of the purchase decision will increase because they have first handedly experienced the service from the restaurant or café.

Thus, the writer was interested find the service quality of Hee Lai Ton Restaurant and how it influences the purchase decision at the restaurant. Therefore, the writer decided to conduct research with the title of “**The Influence of Service Quality on Purchase Decision at Hee Lai Ton Restaurant Medan**”.

## **1.2 Problem Limitation**

Due to limited period of the research, insight, and knowledge, the research will be some imperfections. The research conducted by the writer will be focusing on service quality and purchase decision. Service quality as the independent variable will have five dimensions of service quality which are reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al. in Tjiptono and Chandra, 2016). Purchase decision as the dependent variable measured by need recognition, information search, alternative recognition, purchase decision, and post purchase evaluation (Kotler and Keller, 2014).

### **1.3 Problem Formulation**

Based on the background of the study mentioned above, the problem statement of this final paper in which interests the writer to find out is:

Does service quality have an influence on purchase decision at Hee Lai Ton Restaurant ?

### **1.4 Objective of Research**

The objective of this research is to find out about whether there is an influence of service quality on purchase decision at Hee Lai Ton Restaurant Medan.

### **1.5 Benefit of Research**

#### **1.5.1 Theoretical Benefit**

- a. This research is hoped to be able to provide knowledge for the readers.
- b. Become a support which can be used for further research regarding the same topic.
- c. This research enables writer to gain knowledge of service quality correlates with customer purchase decision.

#### **1.5.2 Practical Benefit**

- a. This research is meant to help the restaurant to find out the influence of service quality on purchase decision of the customer.
- b. This research hopefully could help to give an idea to increase customer purchase decision at Hee Lai Ton Restaurant Medan.

### **1.6 System of Writing**

The system of writing of this final paper will be the following.

## CHAPTER I INTRODUCTION

In this chapter, the writer provides explanation of the background of the study, problem limitation, problem formulation, the objective of the research and benefits of the research.

## CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theoretical background such as the hospitality management definitions, service quality, principles of service quality, service quality indicators, purchase decision definitions, types of purchase decision, purchase decision indicators, the influence of service quality on purchase decision, previous research which supported this research, hypothesis development, research model and framework of thinking of the research will be included in this chapter.

## CHAPTER III RESEARCH METHODOLOGY

The chapter in which how the research conducted is written. It starts from the research design; population and sample; data collection method; operational variable definitions and variable measurements; and data analysis method.

## CHAPTER IV DATA ANALYSIS AND DISCUSSION

In this chapter, the general view of Hee Lai Ton Restaurant Medan will be discussed. Followed by data analysis includes results of data quality testing for pretest descriptive statistics, results of data quality testing, the results of hypothesis testing, and lastly, the discussion.

## CHAPTER V CONCLUSION

The fifth chapter which concludes the final paper will explain the conclusions of research result and the implications.