CHAPTER I

INTRODUCTION

1.1   Background of Research

Food is defined as any substance that consumed and provide a nutritional support for body and maintain life and growth (Soanes and Stevenson 2003). The consumption of food plays an important parts in our lives either as three meals a day, as subsistence level calories essential for survival, or as the main focus for traditional celebrations. Source of food usually came from animal and plant, and contains fats, protein, vitamins and minerals. Today, the majority of the food energy required by the ever increasing population of the world is supplied by the food industry. In much of the developed world, food is consumed not only for survival, but also for higher-order purposes, such as health, comfort, and pleasure. Food availability has also increased as a consequence of rising income levels and falling food prices. This has resulted in considerable changes in food consumption over the past 50 years (Kearney, 2010). In modern society, food consumption is linked to an individual's lifestyle and, as a result, people's relationship with food is become increasing. According to Lee et al., (2007), food quality involves more than food safety, taste is just as important.

Recently, food business has become popular business and had increased rate in business sector. It has made rapid competition among them. The restaurant industry is continuously growing worldwide. According to National Restaurant Association (2009), with 945,000 restaurant locations nationally, the restaurant industry's direct sales are $566 billion a year, or more than $1.55 billion a day. As

the number of restaurants increase, people have many alternatives for choosing a restaurant. When customer eating at a restaurant, they cognitively evaluate what they experience. In the restaurant industry, satisfied customers will return and give a positive word of mouth to other people (Ennew et al., 2000). As customers are more exposed to different types of restaurant settings, they have developed a complex set of attributes for selecting a restaurant for their excellent dining experience.

In Padang, number of new café and new restaurant is growing. They target market is start from middle income to upper middle income. They offer many kind of food. Starts from traditional food, Western food, Japanese food, seafood, Chinese food and also coffee in coffee shops. Researcher takes sample of local restaurant in Padang such as; Kiosk, Red Chili, Mama Oky, and Safari to test the relationship of service quality, customer satisfaction to behavioural intention. Researcher takes this four restaurants as sample because of, this four restaurants have a quite similar range of price and variety of menu, these restaurant still exist through past few years, and there are a lot of people visits those restaurants.

According to Tam (2004), service sector has played an important role in most economies. Service quality and customer satisfaction are inarguably the two core concepts in marketing theory and practice. According to Ryu and Han (2010), customer satisfaction has become one of the most critical marketing priorities because, it is generally assumed to be a significant determinant of repeat sales, positive word-of-mouth, and customer loyalty. Kang et al (2004) found that, customer behavioural intentions were related to customer satisfaction. Customer satisfaction affected behavioural intentions towards the service provider, and

satisfaction with the service then influenced behavioural intentions towards the services. Brady, Robertson and Cronin (2001) indicated that service quality, perceived value and customer satisfaction have been directly associated with behavioural intentions in the fast food sector. Chow et al., (2007) said, in the restaurant industry, guests generally use food, physical environment, and employee services as key components of restaurant experience in evaluating the restaurant service quality.

In this era of competition between companies has been very tight. Customer-oriented company compete each other to attract the customer. In highly competitive markets, firms are increasingly concerned with customers' post purchase behaviour. It is recognised that merely satisfying customers is not sufficient to get a loyalty of customer (Jones and Sasser 1995). In addition, customer satisfaction is associated with the formation of customer loyalty (Hyun, 2010), and increased repeat purchase behaviours (Bodet, 2007), (Chi and Qu, 2008).

A strong relationship between customer satisfaction and customer loyalty can be derived from managing customer experience (Ladhari et al 2008), (Han and Ryu 2009). Some studies revealed findings that managing customer experience has potential association with food related attributes. For example, some attributes such as taste, staff behaviour, and food design have been identified as key factors in developing customer experience in restaurant (Berry et al 2002).

1.2 **Problem Statements**

Based on research background, the author wants to analyse the relationship between service quality, customer satisfaction, and behavioural intention. The research background produce 4 research question;

Thus, there are research questions;

1. How is the relationship of service quality to customer satisfaction?

2. How is the relationship of customer satisfaction to behavioural intention?

3. How is the relationship of service quality to behavioural intention?

4. How is the role of customer satisfaction to the relationship between service quality on behavioural intention?

1.3 **Objective of Research**

Based on the problem statement, the objectives of this research are:

1. To identify the relationship of service quality to customer satisfaction.

2. To identify the relationship of customer satisfaction to behavioural intention.

3. To identify the relationship of service quality to behavioural intention.

4. To identify the role of customer satisfaction on the relationship between service quality to behavioural intention.

1.4 **Contribution of Research**

This research is expected to contribute on:

1. For Restaurant in Padang City

   The result can be used by restaurant to improve their service quality and customer satisfaction that can be impacted on customer behavioural intention.

2.   For Literature and Next Studies

The result can be used as a guidance to the next research related to service quality, customer satisfaction, and behavioural intention.

1.5   Scope of Research

This research has a limited scope of analysis in terms of numbers of variables and object of the research. The researcher limits the research context by focusing to people on restaurant in Padang.

1.6   Outline of Research

In order to make it easier and make moderate the forwarding of content, this research is divided into five chapter:

CHAPTER I	Contains about background to the research, problem statements, objectives of research, contributions of research, scope of research, and outline of research.
CHAPTER II	This chapter contains the literature, theory, and last research related with this research. This chapter also contains the literature that evaluates variables of this research, which are service quality, customer satisfaction and behavioural intention, and also this chapter contains theoretical framework of this research.
CHAPTER III	This chapter contains the explanation about research method which are research design, population and source of sample, type of data and variable measurement, research variables, operational definition, data analysis, test of instrumental, structural model test, and hypothesis testing.

CHAPTER IV   This chapter contains the explanation about results and consist of characteristic of respondent, descriptive analysis, structural measurement of the influence of service quality to behavioural intention by using customer satisfaction as mediator on restaurant in Padang.

CHAPTER V   This chapter explain about conclusion of research, implication, limitation and recommendation for further research.