

CHAPTER TWO

REVIEW OF LITERATURE

This chapter reviews the literature in three main areas: (1) Management of Resources in a Restaurant Business (2) Customer Satisfaction (3) Relevant Research.

2.1 MANAGEMENT RESOURCES IN A RESTAURANT BUSINESS

The entrepreneur should study 'Management Resources' (4Ms) to organize the restaurant effectively. It consists of man, material, money, and method.

Firstly, **man** is the most important factor since it's considered as fundamental in effective management because it leads to productivity. (Wai Chamornmarn, 2006)

In the restaurant business, “มุ่งสู่ความสำเร็จด้วยธุรกิจร้านอาหาร” (พีระบุร ชัยตรกุล ณ อยุธยา, 2546) revealed that there are 8 positions in restaurant management and service as follows:

- 1) *Restaurant Manager* coordinates the operation of the kitchen and the restaurant to insure that they function effectively and profitably.
- 2) *Assistant Managers* perform the duties when the manager is not present. They also assist the manager in preparing and submitting regular reports to the entrepreneur concerning such topics as costs, profits, personnel, and special problems.
- 3) *Supervisor* takes control the staff and is responsible for the cleanliness of the restaurant and reservations of the customers. Also, He/she has to write a daily report to the manager.
- 4) *Captain* supervises the activities of the waiters and the bus boy in an assigned area. He/she escorts customers to their tables and may take the customers' food orders, recommending dishes and wines.
- 5) *Hostess* takes the reservations of customers, welcomes them and takes them into the restaurant.
- 6) *Waiters/ Waitresses* serve the prepared food and help the captain during work. They also set the utensils on the table.

7) *Bus boys/ Girls* perform a variety tasks such as removing used dishes from tables, wiping off tables, and replacing linens. They reset tables with clean dishes and fill water glasses.

8) Stewards clean up dishes and other utensils.

All levels of man should have a ‘service-mind’. In this case, ‘service’ is not an acronym but (พีระวุธ นัตรกุล ณ อรุณชา, 2546) in “มุ่งสู่ความสำเร็จด้วยธุรกิจร้านอาหาร” it uses each letter from the word ‘service’ to relate to what each staff should do/ have.

S = *Smile*

The staff should smile nicely and sincerely. Service and smile can get along together. Particularly, our Siamese smile always impresses foreign customers.

E = *Eye Contact*

When the staff smile at the customer, later they should have eye contact and greet the customer gently.

R = *Remember*

If the staff can remember the customer’s name or favorite food, the customer will be more impressed.

V = *Viewing*

The staff should look around and take care of the customers well.

I = *Information*

Giving the right information and offering the menu gains an advantage over the competitors because the staff who can give more information have a greater chance to satisfy the customer.

C = *Courtesy*

The staff should realize that they are just the staff, not a friend of the customers, although the customer gives friendliness to them.

E = *Empathy*

The staff should know what the customer wants.

Secondly, **material** is another factor considered to be a management resource such as a building, products, etc. The entrepreneur should have knowledge of and

understand the purchased material well. In this study, the researcher will present the place (location, atmosphere, and etc.) and product (food and service). For the place, Mealey L. (n. d.) stated that the restaurant location should be considered in four factors: population base, parking, accessibility, and visibility. However, In “มุ่งสู่ความสำเร็จด้วยธุรกิจร้านอาหาร” (2546) พีระวุธ นัตรกุล ณ อุษยา stated that the entrepreneurs should know which business they will run. If it is a restaurant business, the entrepreneur will have to choose the location closest to the target group. They should first survey how many customers and competitors they will have. Moreover, they should make their restaurant different in order to attract customers. Then, Atmosphere makes an impression on people. The building design, decor, interior color scheme, texture of the walls, service, and the food create the atmosphere. The right atmosphere can relax guests and make for a good feeling and gain repeat customers. The proper atmosphere can make the food, service and whole dining experience seem better. People want to escape from problems and everyday surroundings. The atmosphere should project a feeling of friendliness and comfort, be attractive and interestingly different. The atmosphere is remembered long after the meal is finished. For the entrepreneur, this means repeat customers and a profitable operation. Not everyone wants the same emotional response from a restaurant's atmosphere. After working all day, most people would prefer to eat in a quiet, relaxed, intimate atmosphere. However, for those who have worked alone in a quiet environment, a noisy restaurant might provide a needed contrast. Therefore, it is very important to be familiar with the characteristics of the type of people you serve (Michigan State University, 2002).

The variety and Quality of raw material has a significant impact on the quality and taste of the food, so the entrepreneur should be careful about it. From the Food and Drug Administration (2001), Hazard Analysis and Critical Control Points (HACCP) is a production control system for the food industry. It is a process used to determine the potential danger points in food production and to define a strict management and monitoring system to ensure safe food products for consumers. HACCP is designed to prevent potential microbiological, chemical, and physical hazards, rather than catch them. The Food and Drug Administration (FDA) and the

United States Department of Agriculture (USDA) use HACCP programs as an effective approach to food safety and protecting public health. There are 7 principles of HACCP as following:

1.) *Analyze hazards:* Potential hazards associated with food and measures to control those hazards are identified. The hazard can be biological, such as a microbe; chemical, such as a toxin; or physical, such as ground glass or metal fragments.

2.) *Identify critical control points:* These are points in a food's production- -from its raw state through processing and shipping to consumption by the consumer at which the potential hazard can be controlled or eliminated, such as cooking, cooling, packaging, and metal detection.

3.) *Establish preventive measures with critical limits for each control point:* For cooked food, for example, this may include setting the minimum cooking temperature and time required to make sure of the elimination of any harmful microbes.

4.) *Establish procedures to monitor the critical control points:* Such procedures may include determining how and by whom cooking time and temperature should be monitored.

5.) *Establish corrective actions to be taken when monitoring shows that a critical limit has not been met:* For example, reprocessing or disposing of food if the minimum cooking temperature is not met.

6.) *Establish procedures to verify that the system is working properly:* For example, testing time-and-temperature recording devices to verify that a cooking unit is working properly.

7.) *Establish effective recordkeeping to document the HACCP system:* This may include records of hazards and their control methods, the monitoring of safety requirements and action taken to correct potential problems. Validation ensures that the plants do what they were designed to do; that is, they are successful in ensuring the production of a safe product.

Next, another product that the entrepreneur should be concerned about is service because the restaurant provides both food and service to the customer. Service

is a kind of product. There are four main characteristics of service that differ from other business as follows: (Kotler, 2000; pp. 429-438)

1.) *Intangible Product*: Services are intangible but physical products are different. Services cannot be seen, tasted, felt, heard, or smelled before they are bought. The customer will draw inferences about service quality from the place, people, equipment, communication material, symbols, and prices that they see.

2.) *Inseparable Product*: Services are produced and used at the same time. This is not true of physical goods, which are manufactured, put into an inventory, distributed through multiple resellers, and consumed still later. If people render the service, then the provider is a part of service. Since the client is also present as the service is produced, provider-client interaction is a special feature of service marketing. Both the provider and the client affect the service outcome.

3.) *Perishable Product*: Service cannot be stored. The perishability of service is not a problem when demand is steady because it is easy to staff the services in advance. When demand fluctuates service firms have difficult problems.

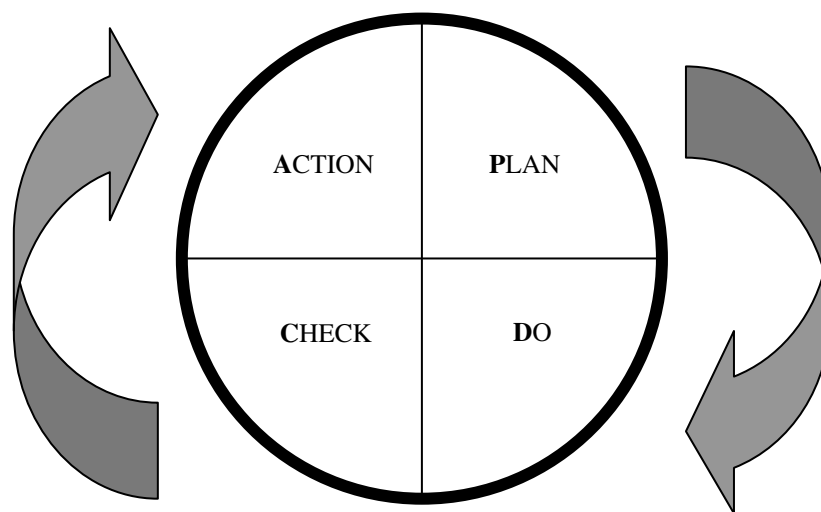
4.) *Variable Product*: Service is highly variable because it depends on who provides it and when it is provided. Customers are aware of this high variability and frequently talk to each other before selecting a service provider. Service firms can take three steps toward quality control. The first step is investing in good human resources selection and training. The second step is standardizing the service-performance process throughout the organization. It is helped by preparing a service blueprint that depicts the service events and processes in a flow chart, with the objective of recognizing potential service failure points. The third step is monitoring customer satisfaction through suggestion and complaint systems, customer surveys, and comparison-shopping, so that poor service can be detected and corrected.

Thirdly, **money** is necessary to do any business. The entrepreneur wants to make a profit in the restaurant business. (Powers & Barrows, 1999) There are two basic approaches to raising profit: to increase sales, and to reduce costs. To increase sales one must sell to more people or sell more to the present customers or do both. If the entrepreneur increases the number of customers, it can achieve a good reputation and may build its customer base through word-of-mouth referrals. The entrepreneur

can also increase sales by checking averages. It can be to raise price; however, this method risks a loss of customers. The better way is a menu redesign and suggestive selling. Another approach is to reduce costs. It involves more careful scheduling of employees, improved portion control, and more careful monitoring of the issue and use supplies such as soap, paper goods, and other disposables. This is a careful review of the operation to find places where waste can be reduced without loss of quality.

Lastly, **method** is another management resource (4Ms). The researcher would like to present a PDCA in 'Total Quality Management: TQM' to manage and/or solve any problems in the restaurant business. In fact, the PDCA cycle was originally developed by Shewhart but it was taken up and promoted very effectively in the 1950s by Deming; therefore, is known as 'the PDCA Deming Cycle'. (HCI, n.d.)

Figure 1. PCDA Deming Cycle



It begins with a Planning phase in which the problem is clearly identified and understood. Potential solutions are then generated and tested on a small scale in the “Do” phase, and the outcome of this testing is evaluated during the Check phase. “Do” and “Check” phases can be repeated as many times as needed before the full, polished solution is implemented in the “Act” phase. If compared with the restaurant business, the PDCA cycle can help improve a restaurant. For example, there are few customers during 2pm-5pm, so the entrepreneur sets a special price in some menus.

After that, the number of customer increase and the income improves as well.

However, the entrepreneur always needs to adapt in order to attract customers.

After knowing the management resources in a restaurant business, customer satisfaction is an external factor that the entrepreneur cannot ignore.

2.2 CUSTOMER SATISFACTION

From the Cambridge advanced learner's dictionary (2005), *satisfaction* has been defined as a pleasant feeling which you get when you receive something you wanted, or when you have done something you wanted to do.

McCormick and Tiffin (1974) cited that *satisfaction* is a part of human motivation that is based on their basic needs and they try to avoid those they dislike.

Maslow (1970) stated that people are motivated by five factors or the hierarchy of needs which consists of physical needs, safety needs, social needs, esteem needs, and self-actualization as follows:

The first level, *physiological needs* consist of the physiological requirements of a person to stay alive, such as air, food, and water. These are the most basic and strongest needs in the hierarchy because if a person is deprived of any of these, people will die. The second level is *safety needs*. When the physiological needs were met, people start to think about the need to be safe and secure from external threats. The social needs constitute the third level of the hierarchy. It is related to interaction with other people which includes the need for friends, the need for belonging, and the need for giving and receiving love. Next, people would start seeking *self-esteem needs*, the fourth level of the hierarchy. They want to feel worthy and valuable to others in order to feel genuine self-respect. Without self-esteem, people would feel that he couldn't do good enough for others. The last and the highest level in the hierarchy of needs, *self-actualization*, is also the most difficult to achieve. While things or experiences that can satisfy the needs in the first four levels are easy to identify, self actualization needs a deep introspection on the part of the person before he/she would know how to satisfy it.

This theory can be easily understand at a restaurant, that the customer can get the first level, physical needs, which is food and beverages. And safety is provided

because the restaurant is indoors and gives the customer more comfort with air-conditioning. Then, the staff always serves food and beverages to the customer with a service- minded. The customer can feel the staffs' friendliness; however, the staff won't get too close to the customer. They will serve and respect the customer as if the customer is a VIP. When they are treated well, they became repeat customers of the restaurant.

The theory of and word 'satisfaction' was described clearly and then, the definitions of customer satisfaction were provided.

Zikmund, McLeod, and Gilbert (2003) claimed that *customer satisfaction* is a post- purchase or post- choice evaluation that results from a comparison between those pre- purchase expectations and actual performance.

Ferrel and Hartline (2005) explained that *customer satisfaction* is typically defined as the degree to which a product meets or exceeds the customer's expectations about the product.

Zeithamal, Bitner, and Gremler (2006) stated that *customer satisfaction toward products and service* occur from many factors:

- 1.) *Customer emotions*: Customer emotions can also affect their perceptions of the satisfaction with the products and services. These emotions can be stable, pre-existing emotions.
- 2.) *Attributions for service success or failure*: This influence perceptions of satisfaction as well. When they have been surprised by an outcome, customers tend to look for the reasons, and their evaluation of the reasons can influence their satisfaction.
- 3.) *Perception of equity or fairness*: Notion of fairness is central to customer satisfaction with products and services, mainly in service recovery situations.
- 4.) *Other customers, family, members and co-workers*: Apart from one's own individual feelings and beliefs, customer satisfaction is often influenced by other people.

Next, the researcher will expand the understanding of the entrepreneur and staff on what the needs of customer are. There are six basic needs of a customer as follows: (Say, 2006)

- 1.) *Friendliness*: The most basic of all customers needs. Customers all want to be acknowledged and welcomed by service-minded staff.
- 2.) *Understanding and empathy*: □ Customers would like the staff to understand their circumstances and feelings without criticism or judgment. Customers expected that they will be served the best.
- 3.) *Fairness*: □ Customers would like to be taken care of fairly. Customers get very annoyed and defensive when they are subject to any class distinctions.
- 4.) *Control*: □ Customers don't care about policies and rules; they want to deal with us in all our reasonableness.
- 5.) *Options and alternatives*: Customers need to feel that other avenues are available to getting what they want accomplished.
- 6.) *Information*: Customers need to be informed about the food and service, and they don't want to waste time doing homework on their own – they look to staff to be their walking, talking, information center.

The entrepreneur applies these to the staff and informs them that the customer satisfaction is the most important thing to the restaurant.

2.3 RELEVANT RESEARCH

Researcher about satisfaction has been studied widely but almost all the studies about satisfaction toward restaurants is generally confidential because the restaurant owners do not like people to know how bad their restaurants are. Here are some in which respondents are used as a model:

Orawan Sombatpaiboonchai (2005) studied “Staff Satisfaction of the Staff Canteen: A Case Study of Shangri-La Hotel, Bangkok”. The study was aimed to measure the staff satisfaction level in terms of quality of food and beverages, services, utensils and facilities of the staff canteen in Shangri-La. The results were found that most staff satisfaction was at a satisfactory level. Nevertheless, for food and beverages, customer satisfaction toward the taste of food was rated at a moderate level. Moreover, the lowest ranking of customer satisfaction was toward the utensils which was cleanliness and sanitation.

Pornsak Ubolpoolpol (2005) revealed in “Fast Food Consumption Behavior Among People of Different Genders and Ages: A Case Study of McDonald”. It consists of 3 main objectives as follows:

- 1.) To find out consumption behavior towards McDonald’s among people of different ages and gender
- 2.) To explore people’s attitudes towards McDonald’s in terms of food, service, and location
- 3.) To predict the future business of McDonald’s in the Thai market for the next decade

The result was found that there was a difference in the frequency of consumption at McDonald’s, the time to go McDonald’s, and the money spent on McDonald’s between males and females. However, there was no difference in the duration of the stay at McDonald’s between male and female. For the attitudes result, the majority of the respondents were satisfied with McDonald’s in terms of food, service, and location.

Wannarat Charoensri (2007) explored “Customer Satisfaction with Thammasat University Bookstore Tha Phrachan Campus”. The objectives of this study are to measure the level of customer satisfaction in terms of store, staff, and service. The results found that customer satisfaction toward store and service was at a moderate level. The customers were satisfied with staff with regard to their proper attire, good temperature, and polite manner. However, the reasonable prices at the bookstore were the highest score of the satisfaction level.

The researcher of the present study has investigated the methodology used in these research papers and came up with the following framework for the study. The restaurant business should involve the customer satisfaction in terms of appearance of the restaurant, staff, and food. In the next chapter, the methodology will be discussed.