

CHAPTER I INTRODUCTION

1. 1 Introduction to the Background of Research

In hospitality business which service is the main commodity every establishment is pushed to come up with offers which can attract potential customers. In a very simple way those actions can be seen through the style of service given by certain hotels or restaurants, or simply by how they decorate their service area. Those kinds of strategy are meant to give the customers clues about what kind of hotel or restaurant and what type of service they are going to get.

Nowadays, following the development of service industry, most people are aware of many kinds of establishments around them and they can choose which place to go if they want to enjoy certain kind of service and how much they have to compensate for it.

An issue occurred in some hospitality establishments, which its employee turn out to be failed to meet their guests' expectations and in the end affects the establishments' profitability. To prevent this problem, most company apply program known as internal marketing which involves enrolling employees with certain traits for the specific positions, conducting training programs, providing reward and recognition system, etc. These approaches are used to create a good working environment and support for the employees; hence they will be able and are willing to provide good service to the guests as the establishment has expected.

Internal marketing has assisted hospitality businesses to maintain their employees' service performance. But, will this internal marketing in which concepts are developed western culture, works in company with Chinese cultural background? To answer that question, the writers are going to conduct research on the implementation of internal marketing in the Oriental Swan, a Chinese restaurant which business is in the Netherlands.

The reason why the writers find it interesting to conduct research about internal marketing for the Oriental Swan is due to the present of several factors as follows:

1. The establishment is providing fine dining service in which demand its

employees to have more than good product knowledge and service techniques.

2. The restaurant is providing fine dining service in which familiar to western people, but on the other hand the owner of the restaurant insists on employing Chinese servers in order to maintain the eastern image of the establishment.
3. The restaurant is having regular training program for university students in which trainee changes every year.

Through this research of internal marketing, the writers are expecting to be able to help the owner of Oriental Swan in improving their employees' contribution in achieving the corporate goal by handling conditions above.

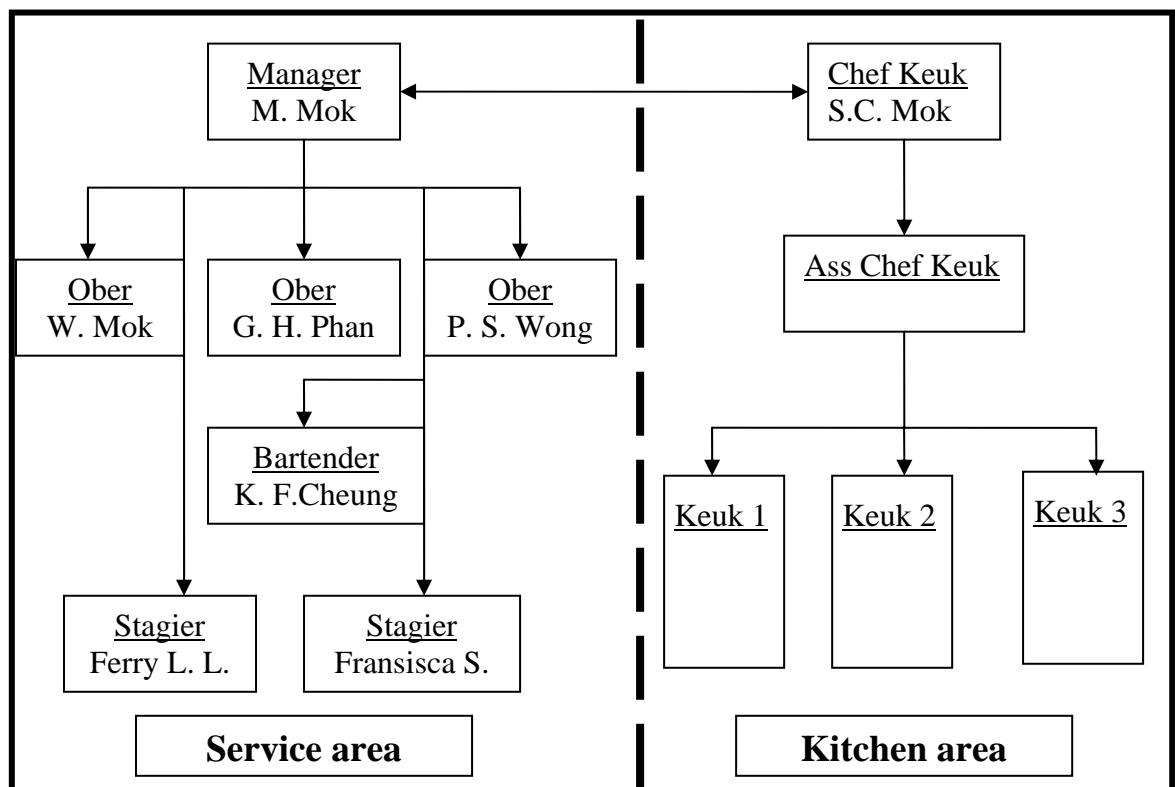
The writers find this topic attractive due to the presence of different cultural background between western culture where the Internal marketing idea developed and the Chinese culture which is the company's background culture. The writers will try to explore the way internal marketing is implemented, its successfulness and furthermore to analyze how far their Chinese culture influences the implementation and how it affects the result, especially its favorability to the Netherlands market. The writers' expectation is to give positive contribution to the restaurant's effort to maintain or even increase their customers' satisfaction.

1.2 Profile of The Oriental Swan

The subject of this research is The Oriental Swan *specialiteiten* restaurant. This fine dining restaurant specialized in Cantonese, Thais, and Szechuanese cuisine is located on 2nd Rademakerstraat 3769 BD Soesterberg, Utrecht Province, Nederland. It could cover up to 260 guests divided in the restaurant area (24 tables and 120 seats), patio area (6 table, 22 seats) and buffet room for 90 persons with jacht room (50 seats max) for party or business meetings. The restaurant is open from 11.00am to 22.00pm and closes on Mondays. It has an adequate parking space and close to public parking facility. The restaurant also provides take away, delivery order and catering service.

The establishment is owned and run by the Mok family. Mr. Siu Cheung Mok serves as the head chef of the restaurant and Mrs. Miranda Mok acts as the hostess as well as operational manager. With a total employee of 11 persons (6 service employee and 5 kitchen employee) the establishment has an organizational chart as follows:

Figure 1: Organizational Structure of The Oriental Swan



The menu offered in the restaurant is varied from soups, appetizers, Thai specialties, Mongolian specialties, Szechuan specialties and various Cantonese style cuisines ranging from beef, pork, chicken, duck, shrimp, fishes etc. Other than a la carte menus the Oriental Swan also offers five kinds of *rijstafel* set menus, Dim-Sum menu, FER menu and a royal swan menu which made distinctive by the cook for every order, for this special menu the guest can choose to have four or five course with different price. There is a set menu of the month for take away service. All *a la carte* and *rijstafel* menus from the restaurant are also available for take away in affordable price.

As a fine dining restaurant The Oriental Swan also provides various kinds of wines other than beverages such as beers, long drinks, soft drinks and hot drinks (coffee or tea). The restaurant has a house wine and also wine of the month program.

Presently The Oriental Swan is the only Chinese Restaurant available in Soesterberg. Other food establishments available are two local Dutch Bar, one steak house and an Italian restaurant. Due its fine dining concept The Oriental Swan has been viewed by the locals as a prestigious restaurant. With the average spend of 50€ per customer, The Oriental Swan has aimed its market as for middle-up customers.

1.3 History of The Oriental Swan

The Mok Family open their first restaurant in the year of 1975 on Rademakerstraat 32, 3769 BE Soesterberg, Nederland. The name of the restaurant was Wah Nam.

In 1992 order to extend their business, the Mok family closed their previous restaurant and developed another restaurant in a formerly small hotel building which is bigger than their first restaurant. The name of the restaurant is The Oriental Swan, taken after the name of the previous hotel establishment t' Zwaantje.

Following the restaurant's development, up until now The Oriental Swan has undergone two times of renovation due to the need of more space as the result of the restaurants' increasing demand and popularity

1.4 Research Problem

The main point of this research is to analyze the Oriental Swan's effort in its implementation of internal marketing, measures its degree of successfulness, and investigate how Chinese cultural background of the management and/or employees give influence to the result.

1.5 Research Questions

Based on previous background of research and research problem, the writers have developed a list of research questions as guidelines to conduct this research as follows:

1. What is marketing?
2. What is Market Segment and Target Market?
3. What is Internal Marketing?
4. What are the Internal Marketing process?
5. How is the Chinese working behavior?
6. What is the vision and mission of Oriental Swan?
7. What are the internal issues of Oriental Swan's in establishing service culture?
8. How to develop marketing approach to human resource management?
9. How is the effort of disseminating marketing information to the employees?
10. How is the implementation of reward and recognition system?
11. How the Chinese cultural background influenced the application of internal marketing in the Oriental Swan?
12. What are the customers' expectations?
13. How Oriental Swan measures its customers satisfaction?
14. How is the customers' satisfaction level for service in The Oriental Swan.?
15. How is the influence of internal marketing implementation in maintaining good service in The Oriental Swan?

1.6 Research Delimitation and Limitation

1.6.1 Research Delimitation

This research will be focusing only on the Internal Marketing effort aimed at the service employees of the Oriental Swan restaurant. Most of the research will be concentrated on how the restaurant builds their corporate image to their employee and how far they can encourage their employee to give best service performance to maintain customers' satisfaction.

1.6.2 Research Limitation

Due to the limited time available in conducting the research, the writers are not going to consider the following variables to have effects on the research result:

- 1 Quality of product, in this case is the quality of food served in the restaurant.
- 2 Knowledge of all external marketing efforts only come from the owner of the Oriental Swan restaurant and there will be no further research about its successfulness.
- 3 The writers will develop recommendation consists of suggestions to improve the implementation internal marketing based on the restaurant's management condition, but will not apply trial on its application.

1.7 Methodology of Further Research

1.7.1 Research Resources

In conducting the research the writers are going to use descriptive qualitative approach which refers to an interpretative method of collecting and analyzing data to explore and explain a phenomenon (Denzin & Lincoln, 1994, p. 2). The background of this approach is due to the fact that the result of this research can only be generalized situational in the Oriental Swan restaurant.

There are two sources used in the making of this research, which are primary and secondary sources. Primary source is developed from interviews that will be done by the writers to the research participants (owner and employees). This method is used due to the writers' need to really understand the Internal Marketing phenomena which is happening in The Oriental Swan and the best way to achieve this goal is by conducting a thorough interview with both owner of the

restaurant as the policy maker and the employees as the subjects of the restaurant's internal marketing approach.

Other primary source of this research is a questionnaire in which will be developed for customers. The used of this method is generally to understand how's the customers' level of satisfaction towards the service of the Oriental Swan.

The secondary sources are all of the literatures used by the writers as a guide in doing the research. The writers will be using several books, journals and articles to analyze Internal Marketing problems which might be found throughout the research and develop reasonable suggestions to avoid similar problems in occurring in the future.

1.7.2 Research techniques

1.7.2.1 Interview to Owner or Manager.

The objective of interview towards the owner or manager is to recognize what kind of internal marketing approaches they have been using so far and the degree of successfulness according to the owner's objectives. Several problems in the effort of implementing internal marketing are expected to be stated by the owner or manager. To encourage the owner to state their problems, the writers are going to employ open ended questions to the context.

1.7.2.2 Interview to Employees

The interviews conducted to the employees are meant to understand how the owner's internal marketing approaches reach the employees. The writers will apply series of open ended questions to gain more insights on the matter. Other than questions that are directly related to the internal marketing implementations, the writers will also give questions to recognize the employees' view of present working condition at the establishment and some questions intended to measure employees' degree of work motivation.

1.7.2.3 Guest Questionnaire

The questionnaire technique will be directed to customers in order to gain information about how their level of satisfaction toward the establishment's service. From the result of the questionnaire, the writers will be able to see the

guest's opinions about the employees' technical skill, friendliness', physical performance, etc; how it affects the brand image of the restaurant and their satisfaction when dining in the establishment. Questions given will be mostly close ended with 5 points ranged answers to simplify the analysis.

1.7.2.4 Literature review.

To come up with an appropriate and in-depth analysis of internal marketing implementation in the establishment, the writers will utilize several literatures on marketing and human resource references especially on Chinese culture as secondary sources of the research.

The main literature that the writers use is the Marketing for Hospitality and Tourism 2nd edition by Phillip Kotler, John Bowen and James Makens. This book is chosen as the principal literature for its clear approach in explaining the implementation process of internal marketing. Another reason of using this book is because it provides examples of ideal approach and result to the implementation of internal marketing in the hospitality industry.