

DETERMINANT FACTORS OF CUSTOMER SATISFACTION IN MALAYSIA FULL SERVICE RESTAURANTS.

Kua Soo Ting

KDU University College, Malaysia.
winterting1104@gmail.com

Liew Cheng Siang

BERJAYA University College of Hospitality, Malaysia.
michael.liew@berjaya.edu.my

ABSTRACT

The purpose of this study is to examine the determinant factors of customers for full service restaurants in Malaysia. Data were obtained through a self-administered questionnaire survey that distributed to undergraduate students from several colleges and universities in Klang Valley, Malaysia. Multiple regression analyses were used to analyse the relationship among variables of the conceptualized model. The findings confirmed the significant impact of all the determinant factors on customer satisfaction. The implications and suggestions for future research are also being discussed.

Keywords: *Customer satisfaction, full service restaurants.*

INTRODUCTION

According to Euromonitor (2012), foodservice industry in Malaysia grew positively as growing sophistication and affluence amongst consumer contributed to the rise in Malaysia's foodservice sales. Growth of foodservice is likely to be tied closely to the growth of the Malaysian economy as consumers are expected to spend more on consumer foodservice as their disposable incomes increases over the forecast period. However, the slowing economy due to the impact of rising oil prices, increase in food prices and higher transportation costs in 2010 weakened consumer confidence and caused full-service restaurants to see slower value growth in 2012. Unlike before, consumers are more careful about spending money on dining out, particularly at full-service restaurants where food products are priced higher in comparison to other type of restaurants.

Meanwhile, as in most other consumer foodservice categories, sales through full-service restaurants are highly fragmented and fiercely competitive, whether in a chain or independent. It relies heavily on food quality, service quality, perceive value and price fairness. Since a restaurant is one of the easiest businesses to start, however, the first to close as well. Hence, it is necessary to pay special attention to the needs and wants of the consumers dining in the restaurant. Managers must rapidly develop and evolve marketing action plans to satisfy customers' needs and wants. From time to time restaurant managers need to evaluate its current position and suggest future plans accordingly, and examine any possible market opportunities. The primary purpose of this study is to examine factors

influencing customer satisfaction factors in Malaysia full-service restaurants. More specifically this study investigates the influence of perceived price, food quality, service quality and perceived value influencing customer satisfaction.

LITERATURE REVIEW

Perceived Price

Perceived price define as the customer's acceptable, reasonable, and fair judgment about a service's average price in comparison to its competitors (Chen, Gupta, & Rom, 1994). Price perception is an important concept to understand consumers' interpretation of price with reference to their internal price standard or competing prices (Oh, 2000). In general, consumers tend to perceive price in personally encoded ways (e.g., cheap or expensive) rather than actual prices (Dickson, Peter, & Sawyer, 1985, 1985; Zeithaml, 1988). This can be interpreted that the perception of the price can be generated by the last paid price and the price most frequently paid, as well as market price. Thus, when consumers are concerned about the price of certain product or service, consumers will evaluate either the price is fair or expensive.

Numerous studies have found that the perceived price is one of the fundamental determinants that affect customer satisfaction specifically in the restaurant industry. Iglesias and Guillen (2004) conducting a study for restaurants in Spain found that perceived price has an influence on customer satisfaction. Similar findings are also found in a study in restaurants in Korea that perceived price has an influence on customer satisfaction. Thus it can be proposed that:

H₁: Perceived price has an influence on customer satisfaction in full-service restaurants.

Food Quality

Food quality is the one of the most fundamental determinants of the overall restaurant dining experience (Andaleeb and Conway; 2006; Lee and Ulgado; 1997; Markovic, Raspor and Dorcic, 2011) Studies has found that food freshness, food presentation, menu variety, healthy options, taste and temperature are the individual attributes that contribute to the food quality (Namkung and Jang, 2008 and Ramseook-Munhurrun, 2012). It is important for a restaurant operator to focus on these attributes as it has great influence on consumers dining experience and attitudes towards the restaurant.

Studies have consistently found that food quality has an influence on customer's satisfaction. Saad Andaleeb and Conway (2006) in the research found that food quality positively influences customer satisfaction. Meanwhile in another research also on mid to upscale restaurants, food quality, specifically the taste and presentation has the greatest influence on customer satisfaction (NamKung and Jang, 2008). Ryu and Han (2010) in a study on quick casual restaurants found that food quality has a significant determinant of customer satisfaction. Thus it can be proposed that:

H₂: Food quality has an influence on the customer satisfaction in full-service restaurants.

Service Quality

Service quality is defined as the customer's assessment of the overall superiority or excellence of the service (Zeithaml, 1988). Research on service quality has continued to grow for almost quarter century now. Service quality is recognized as a critical success factor in a firm's endeavors to differentiate itself from its competitors; and a great deal of research has addressed various aspects of service quality (Ladhari, 2009). Various studies over the years have revealed that good service quality leads to the retention of existing customers and the attraction of new ones, reduced costs, enhanced corporate image, positive word-of-mouth recommendation, and, ultimately, enhanced profitability (Cronin et al., 2000; Kang and James, 2004).

According to McDougall and Levesque (2000), service quality is considered as one of the primary drivers of customer satisfaction. Sureshchandar et al. (2002), in the study found that the two constructs are indeed independent but are closely related, implying that an increase in one is likely to lead to an increase in another. Another study being conducted in the retail department store examined the relationship between service quality and customer satisfaction, and the analysis shows that it is significant (Sivadas et al., 2000). Thus it can be proposed that:

H₃: Service quality has an influence on the customer satisfaction in full-service restaurants.

Perceived Value

Perceived value is defined as the customer's overall assessment of the utility of a product or service based on the perception of what is received and what is given (Heung and Ngai, 2008). This construct has caught the attention of many marketing practitioners and academic researchers as it has major influence on company strategic management and consumer behaviour. At the same time, due to the complexity and subjectivity of this construct, there is a lack of agreement among researcher with respect to the conceptualisation and measurement of perceived value. As a result this construct has continued to receive extensive research on the conceptualisation and measurement of perceived value.

Ryu, Lee and Kim (2012) in the research has found that perceived value is one of the most salient attributes that contribute to customer satisfaction across different service industries, such as automobile service, saloon, dental service and restaurant. Chen, (2008) investigating the structural relationships between perceived value and customer satisfaction among air passengers in Taiwan and found that perceived value has a large effect on customer satisfaction. Another research on student travel behavior also found that perceived value has an influence on customer satisfaction (Gallarza and Saura, 2006). Thus it can be proposed that:

H₄: Perceived value has an influence on the customer satisfaction in full-service restaurants.

METHODOLOGY

Scope of Study

Even though there are prior studies that have been conducted, that examined factors affecting customer satisfaction in the context of restaurant industry, little or no research has been done specifically on full-service restaurant. Past researches that have been conducted in countries that are economically more developed such as United States, United Kingdom, Japan, Korea, and Canada. As a result, little is known in an emerging country such as Malaysia. Current research will be investigating specifically on the factors influencing customer satisfaction in full service restaurants in Malaysia.

Sample and Data Collection

Respondents for this research are undergraduate students from several colleges and universities in Klang Valley, Malaysia. KDU University College, Taylors' University, Monash University, USCI University, Inti International College, Help University College and Sunway University College are some colleges and universities being selected for this research. When selecting the eligibility of this study, respondents have to be at least 18 years old and have dined in a full service restaurant within the past 3 months.

Ryu, Han and Jang (2009) stated that although a student sample is often viewed with suspicion and doubts because some may perceive that they are inexperienced as compared to the older adults, but they at least have the dining experiences in any service restaurants. Besides that, student samples have been widely utilized in numerous of previous research in many fields (Andreassen and Lindestad, 1998; Jani and Han, 2011). Therefore, college and university students were asked to participate in this research.

Surveys were distributed to students in the surrounding areas of colleges and universities. Participants were intercepted as they entered or were leaving the college or university and asked whether they were interested to participate in the research. If they agreed to participate, a self-administered questionnaire was distributed to them. A total of 350 participated in this study.

Measurement

Perceived price measurement was adapted from Hermann, Xia, Monroe and Huber (2007). Food quality measurement was adapted from Andaleeb and Conway (2006) and Ramseook-Munhurrun (2012). Service quality measurement was adapted from Ryu, Lee and Kim (2012). Perceived value measurement was adapted from Eggert and Ulaga (2002) and Heung and Ngai (2008). Lastly customer satisfaction measurement was adapted from Kim, Ok and Canter (2012) and Martin-Consuegra and Esteban (2007). Respondents were to rate each items of the five constructs on five-point scales of agreement "1" (strongly disagree) and "5" (strongly agree).

FINDINGS

Response Rate

The target sample size for the study was set at 300. A total of 343 questionnaires were distributed, of which 296 were returned completed and met the screening requirements, representing a net response rate of 86.3%. Questionnaires that were excluded from further analysis are due to incomplete answers.

Demographic Profiling

Among the 296 respondents, 64.9% were males whereas 35.1% were females. It is found that 77.7% of the respondents were Chinese, 11.5% of them were Malay, and 10.8% were Indians. Similarly, majority of the respondents was made up of Buddhists (53.7%), Christians (23.3%), Muslim (11.5%), Hindu (9.5%) and other races represent 2% of the total respondents. The majority of the respondents that participated in this research were business students (43.6%), followed by mass communication (10.5%) and Engineering (8.4%).

Reliability Test

Reliability test was carried out using Cronbach alpha for measuring all the constructs (perceived price, perceived value, food quality, service quality and customer satisfaction). The purpose of this test is to certify the trustworthiness of the data by measuring the degree of consistency of the scale when repeated measurements are made (Malhotra & Peterson, 2006). The higher the extent of the connection between the scores obtained through this repeated measurement, the more reliable the scale. Based on Nunnally's (1978) suggestion, it is found that all the constructs have a value above 0.7; thus, the data collected is found to be reliable.

The Influence of Perceived Price, Food Quality, Service Quality and Perceived Value on Customer Satisfaction

Pearson Correlation Coefficient is being used to examine the relationship between the main constructs of the proposed conceptual framework. Table 1.0 summarizes the matrix of correlation between perceived price, food quality, service quality, perceived value and customer satisfaction.

The relationship between service quality and customer satisfaction is found to be significantly positive relationship with an r-value of 0.778. As for the relationship between food quality and customer satisfaction, it was found to be also significantly strong positive relationship with an r-value of 0.740. The relationship between perceived price and customer satisfaction is found to have a significant positive relationship with an r-value of 0.726. Lastly perceived value and customer satisfaction are found to have a significant positive relationship with an r-value of 0.840.

Table 1.0: Inter-Correlations between Main Measures

Variable	PP	FQ	SQ	PV	CS
Perceived Price (PP)	1	.709**	.7.734**	.7.754**	.2.726**
Food Quality (FQ)		1	.7.773**	.7.725**	.7.740**
Service Quality (SQ)			1	.8.803**	.7.778**
Perceived Value (PV)				1	.8.840**
Customer Satisfaction (CS)					1

**Correlation is significant at the 0.01 level (2-tailed).

Predicting Factors Influencing Customer Satisfaction

As discussed service quality, food quality, perceived price and perceived value is found to have a positive relationship with customer satisfaction. Next, Multiple Linear Regression (MLR) is being used to examine the influence of these factors in predicting perceived value in a full service restaurant.

Table 2.0: Summary of Multiple Linear Regressions Results in Predicting Customer Satisfaction

Variable	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
Perceived Price	.091	.100	2.072	.039
Food Quality	.172	.177	3.593	.000
Service Quality	.162	.162	2.893	.004
Perceived Value	.506	.506	9.354	.000

Based from the result, it is found that perceived price ($t = 2.072$, $p = 0.039$, $b = 0.91$) significantly influences customer satisfaction. Thus H_1 is supported. However, from the beta score it is found that the influence of perceived price on customer satisfaction is rather weak. Next food quality ($t = 3.593$, $p = 0.0001$, $b = 0.172$) is also found to be significantly influential on customer satisfaction. The beta score clearly shows that food quality is the second strongest influence on customer satisfaction in comparison to other factors included in the study, and thus H_2 is supported. Thirdly the result from the regression analysis found that service quality ($t = 2.893$, $p = 0.004$, $b = 0.162$) has a positive influence on customer satisfaction, and thus H_3 is supported. Lastly perceived value ($t = 9.354$, $p = 0.0001$, $b = 0.506$) is found to influence significantly customer satisfaction, and thus H_4 is supported. It can be summarized that results from the MLR analysis found that, all hypotheses proposed in the study have a significant positive influence on customer satisfaction in a full service restaurant.

CONCLUSION

Findings from the analysis establish that perceived price has a weak effect on customer satisfaction in a full-service restaurant. Although the effect may be weak, restaurant managers should still need to be mindful when strategizing on price of foods being sold in the restaurant. It is important to understand that the price set should be able to trade off the benefits restaurant customers receive from the food being served and the price of the food the customers pay. It may not be an easy task for restaurant operators; however a right pricing strategy will provide a huge advantage for a restaurant over other competitors.

Next, the analysis also found that food quality has an influence on customer satisfaction. The analysis found that food quality is the second most important factor influencing customer satisfaction in a full service restaurant. In order to maintain food quality, full service restaurant operators must ensure that the food served are consistently fresh and tasty. With that customers will be satisfied and it will attract customers to continue to patronize the restaurant. Another way, full service restaurant can increase the food quality is by providing variety of food or creates healthy food options for their customers.

Meanwhile, the analysis also found that service quality has an influence on customer satisfaction. According to Andaleeb and Conway (2006), the *key* to ensuring good *service quality* is by meeting or exceeding what customers expect from the service, regardless of the product or service offered. Relating it to the current context of study, full service restaurant operators are able to elevate the service quality level by ensuring waiter and waitresses are constantly attentive to the consumer needs and demands. Also restaurant operators must ensure that the appearance of store, cleanliness of store as well as security of store is well maintained as these attributes also contribute to the overall service quality of a restaurant.

Lastly, the current study also found that perceived value has a strong influence on customer satisfaction. The analysis also shows that perceived value has the strongest effect in comparison to other variables that are included in the study. Restaurant operators need to examine which attributes related to food and beverage in full service restaurant are most important in the overall value equation. Also restaurant can try to find ways to indulge customers patronizing the restaurant by providing customers with best and good quality food or providing an exhaustive food menu with extensive wine list and creative cocktails for customers.

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