The Relationship among Service Quality, Food Quality,
Perceived Value, Customer Satisfaction and Behavioural
Intentions in the Malaysian Fast Food Industry

Seaw Thiam Chin

Bachelor of Communication

University Science of Malaysia

Penang

Malaysia

2002

Faculty of Business and Accountancy
University of Malaya, in partial fulfillment
of the requirements of the Degree of
Master of Business Administration

December 2010

ABSTRACT

Fast food industry generates multi-billion dollars every year worldwide and is still growing, especially in Asia. Malaysian consumers were first exposed to fast food when A&W opened its outlet in Malaysia in 1961. Since then, the fast food industry has experienced dramatic growth in Malaysia. Today, fast food consumption is becoming a part of the Malaysian's lifestyle.

A number of studies have been undertaken to address the service quality and customer satisfaction in fast food restaurants. This can be problematic because some other potential determinants of customer satisfaction such as food quality and perceived value are disregarded. Moreover, most studies have focused on Western countries compared to the limited attention paid to Eastern countries. In Malaysia, most of the fast food studies focused on the normative and legal aspects of Western-based fast food restaurants.

The objective of this study is to examine the relationship among service quality, food quality, perceived value, customer satisfaction and behavioural intentions in the fast food industry in Malaysia. The research framework illustrates that service quality, food quality and perceived value are antecedents of customer satisfaction, which in turn influences behavioral intentions.

A non-probability via quota sampling method is employed to select research respondents. In the quota sampling, respondents are selected using the 50:30:20 ratio for Malay, Chinese and Indian and other ethnic groups on a convenience basis. The undergraduate students of the University of Malaya are used because they are believed to be knowledgeable about the topic being studied.

A survey in a form of self-administered questionnaire has been used to collect the data from 350 undergraduate students of the University of Malaya with a response rate of 93%. Different types of statistical techniques such as Cronbach's Alpha analysis, Pearson correlation analysis and Hierarchical Multiple Regression are employed to analyse the data collected.

The scores obtained from Cronbach's Alpha analysis indicate that all variables used in this study have adequate internal consistency reliability and are acceptable. The results of the Pearson correlation have revealed that service quality, food quality and perceived value directly and positively influences customer satisfaction as well as customer satisfaction directly and positively influences behavioural intentions. Hierarchical Multiple Regressions have proven the mediating effects of customer satisfaction in the relationship between service quality, food quality, perceived value and behavioural intentions.

This study has made theoretical and practical contributions to the body of knowledge of fast food management in Malaysia. For fast food researchers, the findings of this study provide insightful inputs for their future research while for fast food operators, this study helps to identify key determinants of customer satisfaction and behavioural intentions.

ACKNOWLEDGEMENTS

This thesis cannot be completed without the contributions made by a number of people. First and foremost, I would like to thank my supervisor, Prof. Dr. Md Nor for his valuable guidance and advice. The crucial inputs given by him have motivated me to complete this thesis.

I am also heartily thankful to Dr Suhailly and Mr. Benjamin Chan for sharing their knowledge in data analysis interpretation. Without their encouragement and help, I would still be struggling with the data analysis.

Many thanks go to Azly, Hanif, Idham, Fazley and Freddy who have helped me distribute the questionnaires to their friends in the University of Malaya. I would also like to express my deepest appreciation to all the respondents for their willingness to take part in the study and complete the questionnaire. Without their input, this thesis would not have turned into reality.

Lastly, I would like to thank my beloved family members for their patience and support as I strived to complete of this thesis.

Table of Contents

ABST	RACT	i
ACKN	NOWLEDGEMENTS	ii
Chapte	er 1: Introduction	1
1.1	Introduction	1
1.2	Background of the Study	1
	1.2.1 Definition of Fast Food	2
	1.2.2 Fast Food in Malaysia	3
1.3	Research Problems	6
1.4	Research Questions	7
1.5	Research Objectives	8
1.6	Significance of the Study	8
	1.6.1 Theoretical Contribution	9
	1.6.2 Pratical Contribution	9
1.7	Scope of the Study	11
1.8	Organisation of the Report	11
1.9	Conclusion	12
Chapte	er 2: Literature Review	14
2.1	Introduction	14
2.2	Research Framework	14
	2.2.1 Service Quality	16
	2.2.2 Food Quality	19
	2.2.3 Perceived Value	23
	2.2.4 Customer satisfaction	26
	2.2.5 Behavioural Intentions	29
2.3	The Relationship between Service Quality and Customer Satisfaction	32
2.4	The Relationship between Food Quality and Customer Satisfaction	34
2.5	The Relationship between Perceived Value and Customer Satisfaction	36
2.6	The Relationship between Customer Satisfaction and Behavioural Intentions.	37

2.7	Customer Satisfaction as a Mediating Factor between Service Quality and Behavioural Intentions	39
2.8	Customer Satisfaction as a Mediating Factor between Food Quality and Behavioural Intentions	41
2.9	Customer Satisfaction as a Mediating Factor between Perceived Value and Behavioural Intentions	
2.10) Conclusion	44
Chapte	er 3: Research Methodology	46
3.1	Introduction	46
3.2	Research Hypotheses	46
3.3	Measurement of Constructs	47
	3.3.1 Measuring the Service Quality Construct	47
	3.3.2 Measuring the Food Quality Construct	51
	3.3.3 Measuring the Perceived Value Construct	53
	3.3.4 Measuring the Customer satisfaction Construct	54
	3.3.5 Measuring the Behavioural Intentions Construct	54
3.4	Questionnaire Design	55
	3.4.1 Designing the Questionnaire	56
	3.4.2 Pilot Test	57
3.5	Sampling Design	58
	3.5.1 Target Population	58
	3.5.2 Sampling Procedure	58
	3.5.3 Sample Size	59
3.6	Data Collection Techniquie	60
3.7	Data Analysis Techniques	60
	3.7.1 Descriptive Statistics	61
	3.7.2 ReliabilityAssessment	61
	3.7.3 Correlation Analysis	61
	3.7.4 Hierarchical Multiple Regression	62
3.8	Conclusion.	62
Chapte	er 4: Research Results	64
4 1	Introduction	64

4	2 Response Rate	64
4	3 Demographic Characteristics of the Respondents	64
4.	4 Reliability Assessment	68
4	5 Hypotheses Testing	70
	4.5.1 Pearson Correlation	70
	4.5.2 Hierarchical Regression Analysis	73
4.	6 Conclusion	79
Chaj	pter 5: Conclusion	81
5.	1 Introduction	81
5	2 Overview of the Study	81
5	3 Major Findings	84
	5.3.1 Descriptive Profile of the Respondents	84
	5.3.2 Reliability Assessment	85
	5.3.3 Hypotheses Testing	85
5.4	4 Marketing Implications	89
5	5 Contribution of the Study	95
	5.5.1 Theretical Contribution	95
	5.5.2 Practical Contribution	95
5.	6 Limitations of the Study	98
5.	7 Suggestions for Further Research	99
5.	8 Conclusion	101
BIB	LIOGRAPHY	103
APP	PENDIX 1 Survey Instrument - Questionnaire	116

LIST OF FIGURES

Figure 2.1	Research Framework	16
LIST OF	TABLES	
Table 3.1	Items to Measure the Tangible Dimension of Service Quality	48
Table 3.2	Items to Measure the Reliability Dimension of Service Quality	49
Table 3.3	Items to Measure the Responsiveness Dimension of Service Quality	50
Table 3.4	Items to Measure the Assurance Dimension of Service Quality	50
Table 3.5	Items to Measure the Empathy Dimension of Service Quality	51
Table 3.6	Items to Measure the Food Quality Construct	52
Table 3.7	Items to Measure the Perceived Value Construct	53
Table 3.8	Items to Measure the Customer Satisfaction Construct	54
Table 3.9	Items to Measure the Behavioural Intentions Construct	55
Table 4.1	Demographics Characteristics of the Respondents	65
Table 4.2	Cronbach's Alpha Scores of the Variables	69
Table 4.3	Correlation and Squared Correlation between the Constructs	71
	Hierarchical Regression Analysis: Customer Satisfaction Mediating uality and Behavioural Intentions	76
	Hierarchical Regression Analysis: Customer Satisfaction Mediating Ford Behavioural Intentions	
	Hierarchical Regression Analysis: Customer satisfaction Mediating Value and Behavioural Intentions	79
Table 5.1	Summary of Hypotheses Testing	90