

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter begins with the research framework of the study, followed by the discussion of multiple concepts that serve as the backbone of the study in a conceptually, theoretically and empirically way. Some prior research conducted on the concept and the issues raised are also discussed in this chapter. Lastly, this chapter concludes the discussion by proposing the relationships among the variables used in the research framework.

#### **2.2 RESERACH FRAMEWORK**

A number of topics have been studied in the FFRs. Among the main topics studied is the customer satisfaction with the restaurant services (Brady et al., 2001; Gilbert et al., 2004; Lee and Ulgado, 1997; Bougoure and Neu, 2010). These studies show that service quality is a key determinant of customer satisfaction. In addition, there are also studies which have demonstrated that service quality, food quality and perceived value are the key factors in the formation of customer satisfaction in FFRs and subsequently in the influence of behavioural intentions in FFRs (Qin and Prybutok, 2009; Qin, Prybutok and Zhao, 2010).

Taking these findings into consideration, the following Figure 2.1 is proposed as the research framework of this study where service quality, food quality and perceived value are the determinants of customer satisfaction while behavioural intentions are the consequences of customer satisfaction. This research framework is adapted from

the study by Qin and Prybutok (2009). Qin and Prybutok (2009) used this research framework to study fast food consumers in the United States.

Based on the research framework, three types of variables have been identified in this study namely independent variable (service quality, food quality and perceived value), dependent variable (behavioural intentions) and mediating variable (customer satisfaction). Independent variables are defined as antecedent entities that have effects on other variables named the dependent variables (Walker, 1999). Mediating variables are the connecting elements that transfer the effects of independent variables to dependent variables. For instance in a hypothetical causal sequence of three or more variables, the middle variable is considered as a mediator (Tabachnick and Fidell, 2007).

More specifically, the research framework proposes three main factors namely service quality, food quality and perceived value have influence on customer satisfaction and behavioural intentions. Additionally, it also proposes a model to examine the mediating effects of customer satisfaction in the relationship between service quality and behavioural intentions, between food quality and behavioural intentions and between perceived value and behavioural intentions. Every element in each of the factors will be discussed in more depth in the following section.

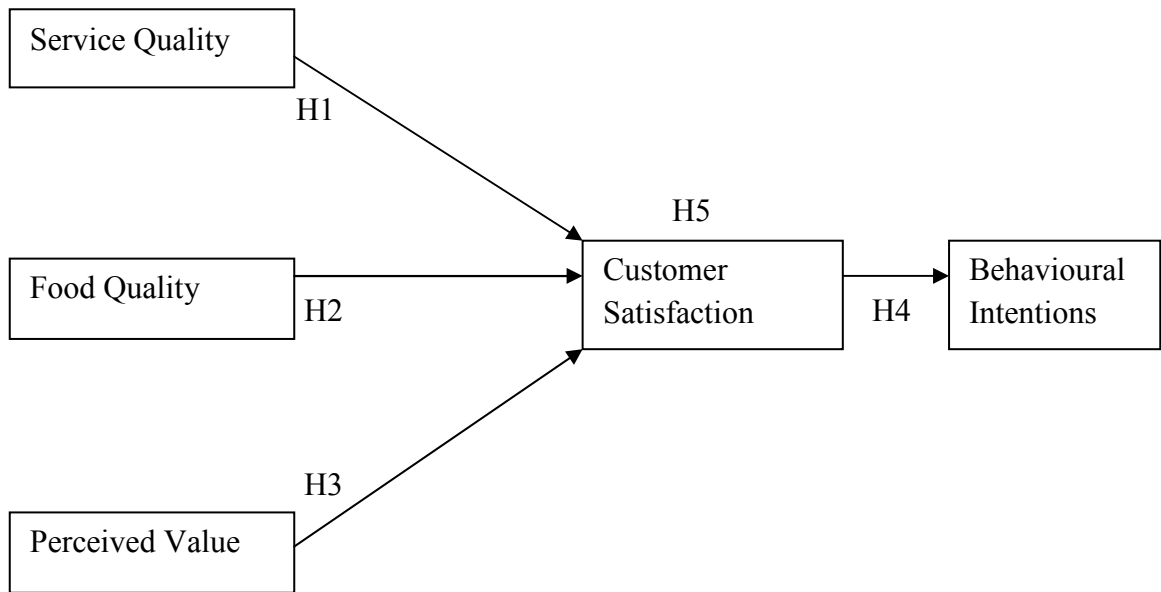


Figure 2.1 Research Framework

### 2.2.1 Service Quality

Due to the rapid growth in importance of services in an organisation and in an industry, several research have been carried out extensively to develop service quality theories and models over the decades.

Researchers have found difficulties in defining the concept of service quality (Parasuraman et al., 1985). These difficulties are mainly due to the way the services were produced, consumed and evaluated (Chelladurai, 1999). Gronroos (1984) and Zeithaml et al. (1990) argue that service quality is more complicated than product quality. The physical attribute of products enables errors in the production to be easily detected and thus necessary solutions can be taken immediately to correct the mistakes before they are sold to customers. Compared with product quality, service quality is difficult to measure physically because services are abstract entities with characteristics such as intangible, perishable, heterogeneous and simultaneous

(Lovelock, 2001). Consequently, several definitions have been given to service. Among the definitions for services are “actions that transfer values” (O’Sullivan et al., 2002), “the transaction with the absence of ownership” (Lovelock, 2001), “deeds, processes and performances” which come with their own inherent qualities to differentiate them from goods (Zeithaml, 1998).

Resulting from the variance in the definitions of service quality, many methods have been formulated to measure service quality. Parasuraman et al. (1985) develop a 22-item SERVQUAL scale, which consists of five dimensions, namely Tangible, Reliability, Responsiveness, Assurance and Empathy, to measure service quality. The SERVQUAL instrument posits that service quality is the difference between customers’ expectation and their perceived perceptions of the actual service, which is known as disconfirmation approach. Based on this approach, the customers’ expectation and perceptions are measured after service is provided.

There are three possibilities under the disconfirmation approach namely positive, negative and zero. The positive disconfirmation happens when the perceived service is higher than the expectation while if the perceived service quality is lower than the expectation, the negative disconfirmation exists. The zero disconfirmation is referring to the scenario when the perceived service is the same as expectation.

By integrating with the five dimensions in SERVQUAL, thus service quality is a multi-dimensional phenomenon (Vandamme & Leunis, 1993, Bougoure and Neu, 2010). The five dimensions in SERVQUAL are defined as below (Parasuraman et al, 1988):

- 1) Tangible involves the physical facilities of service, the equipment, the appearance of personnel and the communication materials.
- 2) Reliability includes consistency of performance and dependability.
- 3) Responsiveness is defined as the willingness or readiness of employees to be helpful and to provide prompt service to the customers.
- 4) Assurance consists of employee's knowledge and courtesy and their ability to show confidence and develop trust in the customers.
- 5) Empathy refers to the individualised caring attention that is displayed to each customer.

While the SERVQUAL has been applied as a benchmark in service quality measurement across different industries and countries, several researchers have criticised heavily this approach from theoretical and practical view (Ladhari, 2008). They have pointed out a number of weaknesses including the use of gap scores, the overlap among five dimensions, shortcomings concerning convergent and discriminant validity, the confusing definition of the "expectation" construct and unstable dimensionality (Babakus and Boller, 1992; Carman, 1990; Cronin and Taylor, 1992; Buttle, 1996).

Based on the criticisms, a modified version of SERVQUAL was developed (Bougoure and Neu, 2010). Cronin and Taylor (1992) propose SERVPERF or a performance-only instrument of the gap measurement in which the expectation portion in the SERVQUAL model is removed. The SERVPERF instrument has a better performance than the SERVQUAL scale in an overall measure of service quality (Cronin & Taylor, 1994). Compared to SERVQUAL scale, SERVPERF is

able to explain more, if not most of the variance in an overall measure of service quality across four industries: fast food, dry cleaning, banks and pest control (Cronin and Taylor, 1992). Hence, many researchers provide preferential support to the performance-only measures to measure service quality in different service industries (Gilbert et al., 2004; Keillor et al., 2004; Law et al., 2004; Parasuraman et al., 1994). Andaleeb and Conway (2006), Carman (1990) and Olorunniwo et al. (2006) indicate that modification of SERVPERF items is necessary to better fit in various service industries. Consequently, this has motivated researchers to examine other influential variables of service quality within the fast food industry.

In addition, SERVPERF approach is also selected to measure service quality for a number of reasons. Firstly, a lot of empirical evidence in the literature supports the use of performance perceptions to measure service quality (Cronin et al., 2000). Secondly, performance perceptions have greater reliability and validity compared to the SERVQUAL approach, which compares the difference between customer's expectations and quality perceptions (Parasuraman et al., 1996).

### **2.2.2 Food Quality**

Today, restaurant business, specifically the business dealing with fast food, is characterised as a highly competitive market. Food is a core product and it plays a crucial role in the restaurant business (Liu and Jang, 2009). Several researchers have provided strong support that food quality is one of the key factors for success (Du and San, 2005; Lawless, 1995). Empirical evidences reveal that food quality has a significant impact on a firm's long term financial performance due to its ability to create a favourable preference for the firm's products when consumers can

differentiate its product quality from others in a meaningful way (Du and San, 1995). Hence, to be able to gain competitive advantage and survive in the market, it is therefore essential for the restaurant managers to identify which attributes are vital and reachable to consumers and to know which parameters have impacts on the purchase decision (Bryhni et al., 2002).

The definition of food quality is a very subjective matter (Moskowitz, 1995). Each individual has different perception on food quality as food quality is a heterogeneous term (Rohr, Luddecke, Drusch, Muller and Alvensleben, 2005). Peri (2006) defines food quality as “a system of product requirements both material and immaterial, related to the product in itself, the production context, the product-packaging system and the product-market system”. Bredahl (2003) includes the sensory, health, convenience and process dimensions in his definition of food quality. Customers are clear about what kind of food quality they want, which has led to the growth of food industry. However, there is still a lack of well-defined concept of food quality (Cardello, 1995). Cardello (1995) claims that the dearth of proper definitions of food quality is because interest in defining food quality was found only among food scientists who formed a minority among those concerned with food quality.

Darby and Karni (1973) have argued that quality is generally classified into three dimensions which are search, experience and credence. Search dimensions are related to the quality which can be determined by the customer at the time of purchase while experience dimensions are related to the quality which can be determined only after the purchase. Lastly, credence dimensions are related to the quality which customers

can never determine neither upon nor post-purchase but with no choice, they have to trust the comments of others (Bech-Larsen & Grunert, 2001).

In general, food quality can be evaluated in objective and subjective ways. A number of studies have been undertaken to distinguish objective and subjective food quality (Grunert, 1997; Brunso et al., 2004). 'Objective quality' is concerned with the product- and process-oriented quality. More precisely, product-oriented quality is related to the physical attributes of the foods such as fat content and use of pesticides in the food while process-oriented quality refers to the quality control and quality consistency in the food production. On the other hand, 'Subjective quality' considers consumers as the central component and their perception towards quality. Therefore, 'subjective quality' can be defined as consumer-oriented quality.

The marketing and food literature has confirmed consistently that food quality has an effect on customer satisfaction and behavioural intentions. This hypothetical concept is constantly supported by many empirical studies (Liu and Jang, 2009; Sulek and Hensley, 2004; Ha and Jang, 2010).

In a restaurant business, food is a core product and it plays a crucial role (Liu and Jang, 2009). Similarly, Namkung and Jang (2007) and Sulek and Hensley (2004) have described food quality as a fundamental component of a dining experience. Many food service providers believe that people go to restaurants for the food. Thus, customers are satisfied if they get the food they want (Andaleeb and Conway, 2006). However, this assumption may not be applicable to full service restaurant customers



because their main intention is to transact business or to enjoy the company of others such as friends, family and spouse (Andaleeb and Conway, 2006).

Other notable studies are those conducted by Sulek and Hensley (2004). They examine the importance of food, physical setting and service in full-service restaurant. Their findings show that food quality is the most important factor influencing customer satisfaction and predicting behavioural intention in restaurant choice. In addition, Ha and Jang (2010) have evidenced a positive relationship between food quality and customer satisfaction as well as loyalty in Korean restaurants.

Another seminal work is the study conducted by Dube et al. (1994). Dube et al. (1994) have provided theoretical and empirical evidence for the relationship between food quality and repeat-purchase intention in an upscale restaurant setting. They also have evidence that among the seven restaurant characteristics, food quality is the most influencing factor in repeat-purchase intention among restaurant customers. The greater the food quality, the greater customer satisfaction and behavioural intentions are.

In the similar vein, Kivela et al. (2000) use various attributes such as tastiness of food, menu variety and nutrition to investigate the influence of excellent foods on customer satisfaction and repurchase intentions. Furthermore, in a study conducted by Raajpoot (2002), food presentation, serving size, menu design and food variety were used to examine product quality in the food service industry. Sulek and Hensley (2004) categorise food quality into three general characteristics namely safety, appeal and

diet acceptability. Appeal category consists of taste, presentation, texture, color, temperature and portion size.

### **2.2.3 Perceived Value**

Value is at the central of what customers receive from a marketing exchange (Lai et al., 2009) and has been conventionally described as a trade-off between price and quality (Sinha and DeSarbo, 1988). In a marketing context, the definition of perceived value is not just limited to the perspective of money, but may also from the perspective of quality, benefit and social psychology (Kuo et al., 2009).

From the perspective of money, value is created when consumers pay lesser for goods by using coupons or promotions (Bishop, 1984). In economics terms, this concept can be defined as consumer surplus. More specifically, perceived value is the gap between the highest price which customers are willing to pay for a certain product or service and the actual amount money paid.

The quality perspective indicates that value is the gap between money spent for a product and the product quality (Bishop, 1984). It is in fact that a favourable perceived value is generated when less money is paid for a high quality product.

On the other hand, the social psychology perspective notes that the formulation of value is relevant to the particular meanings of purchasing goods to the buyer's community (Sheth et al., 1991). Sweeney and Soutar (2001) believe that goods have the ability to increase the impact of social self-concept due to their portrayal of social economic status and social culture.

Lastly, the benefit perspective points out that perceived value is “ consumers’ overall assessment of the utility of a product based on the perception of what is received benefits and what is given” (Zeithaml, 1988). The underlying premise of this definition reveals that benefits and sacrifices are imperative in the value formulation. The meaning of sacrifice is not limited to the money paid for a certain goods but may also include the non-monetary costs such as transaction cost, search cost, negotiation cost and time incurred during the purchase (Cronin et al., 2000).

Over the years, the importance of perceived value has drawn attention from the academic and the practical circles. Kara et al. (1995) and Gilbert et al. (2004) note that perceived value greatly influence customer satisfaction in FFRs. Moreover, several researches claim that perceived value as a fundamental element to predict buying intentions (Anderson & Srinivasan, 2003; Cronin et al., 2000; Pura, 2005). Consumers and marketers have become more concerned with the importance of value (Dodds, 1991) because value is a key determinant in today’s marketplace.

Although the impacts of customer perceived value on the formation of customer satisfaction and behavioural intentions have been received recognition recently. Nevertheless, there is still little research being carried out perceived value compared to the popular constructs of service quality and customer satisfaction (Tam, 2000). Qin and Prybutok (2009) have revealed that, in fast food studies, only service quality and customer satisfaction be used to determine behavioural intentions; however, using only service quality and customer satisfaction to determine behavioural intentions may be inadequate because a customer who is satisfied with the service and product might not have a favourable perceived value towards that particular product and

service (Petrick, 1999). Woodruff and Gardial (1996) have claimed that customer satisfaction is the response to the value pursued in the exchange process. Consequently, in an attempt to monitor the performance of a firm, managers should first identify what are the key factors in the formation of perceived value. In other words, perceived value is considered as a cognitive assessment, while satisfaction signifies an affective response that in turn leads to behaviour.

Petrick (2004) argues that the lack of studies on the customer perceived value is highly due to a limited number of well-developed scales of the construct. In the studies by Cronin et al. (1997) and Patterson and Spreng (1997), overall perception of value was measured by uni-dimensional scales in which a limited number of items were used to determine value. Petrick (2002) has pointed out the use of uni-dimensional scales in measuring perceived value is inadequate due to the assumption that consumers have a common perception of value, when in fact price, quality, benefits and sacrifices have proven to have impacts on perceived value. Consistent with this notion, Woodruff and Gardial (1996) argue that determinants of value differ among consumers and thus they concluded that a uni-dimensional scale of customer perceived value lacks validity.

Due to the weakness of uni-dimensional in assessing customer perceived value, there have been efforts to develop a multi-dimensional perceived value scale. Based on a conceptual framework constructed by Sheth et al. (1991), Sweeney and Soutar (2002) have developed the first multi-dimensional scale of perceived value which is known as PERVAL. The PERVAL operationalises perceived value as a four elements containing of quality, price, emotional value and social value. All these four elements

are related to the potential purchase of durable goods in a retail setting. The nature of these four value elements have been tested and the results reveal that in terms of explaining behavioural outcomes related to customer choice, the multiple value dimensions is outperformed than an “overall value for money” item. Therefore, it can be concluded that perceived value should be operationalised in multi-dimensional scales. There is another multi-dimensional perceived value scale named SERVPERVAL developed by Petrick (2002). Petrick (2002) creates five dimensional constructs namely quality, monetary price, non-monetary price, reputation and emotional response to assess customer perceived value in a service context. This multi-dimensional scale of perceived has been adapted and applied to the luxury cruises context.

#### **2.2.4 Customer Satisfaction**

Customer satisfaction is regarded as the heart of all marketing activities. According to Machleit and Mantel (2001), the principal purpose of marketing in services is to satisfy customer needs and wants. The ability to satisfy customer is essential in service industry due to the fact that satisfied customer will reward the firms with favourable behaviours. In particular, researchers have found that enhancing customer satisfaction will drive to higher future profitability (Anderson et al., 1994), increase consumers’ willingness to pay a higher price, make a good recommendation and use the products or services frequently (Reichheld, 1996) and develop customer loyalty (Fornell, 1992). In other words, all these empirical evidences have suggested that customer satisfaction plays a significant role in generating long-term benefits for companies in terms of sustained customer loyalty and profitability (Homburg et al., 2006).

There have been many attempts to clarify and define customer satisfaction in the service and marketing literature. Consequently, many definitions of customer satisfaction have been given by researchers. Oliver (1997) links customer satisfaction to the consumer's fulfillment response in which the level of consumption-related fulfillment is pleasant or unpleasant. Day (1984) describes customer satisfaction as a post purchase evaluation on the purchase decision, while Hunt (1977) views satisfaction as an assessment made when the product or experience was as good as it was supposed to be. In a study by Ha and Jang (2010) to examine customer satisfaction in an ethnic restaurant segment, customer satisfaction is viewed as a cognitive assessment of service or food quality and affective elements created by consumption experiences.

Due to its importance in marketing, researchers from both the academia and the industry have developed distinct theories to explain the concept of customer satisfaction. These theories are Expectancy-Disconfirmation Theory (Lewin, 1938), Contrast Theory (Howard and Sheth, 1969), Assimilation or Cognitive Dissonance Theory (Anderson, 1973), Equity Theory (Oliver and Swan, 1989) and Value-Percept Theory (Westbrook and Reilly, 1983).

Among all the theories, the expectancy-disconfirmation theory is the most widely accepted theory to explain customer satisfaction. Based on this theory, customers have expectations about products and services before consumption. This theory is based on the cognitive process of confirmation of expectation (Oliver 1980, 1989) in which customers evaluate their satisfaction level by comparing perceived performance with their pre-consumption expectation.

Although the expectancy-disconfirmation theory is widely accepted, many scholars have argued that it is insufficient to evaluate customer satisfaction by considering only cognitive aspects. In these challenging circumstances, many researchers have gone beyond these cognitively toned model formulation. According to the performance-based approach, they have suggested assessing customer satisfaction by incorporating cognitive judgments and affective reaction during consumption (Mano and Oliver, 1993; Oliver, 1992; Westbrook and Oliver, 1991). In other words, customer satisfaction is described as the total consumption perception of consumers when using a service or product. Consistent with the suggestion, Westbrook (1987) note that satisfaction is an assessment of the consumption emotions resulted from the product usage, while Yi (1990) argues that satisfaction judgment is the result of processing affective element of consumption experience.

There is some controversy in explaining the relationship between service quality and customer satisfaction (Anderson et al., 1994; Spreng and Mackoy, 1996). Their relationship has sparked keen academic interest among researchers over the years (Bitner, 1990). Although researchers generally agree regarding the positive relationship between service quality and customer satisfaction, their causal relationship, whether service quality causes customer satisfaction (Bolton and Drew, 1991; Parasuraman et al., 1994; Spreng and Mackoy, 1996) or customer satisfaction causes service quality (Bitner, 1990) is still an argument (Shemwell et al., 1998). Dabholkar (1995) find that the causal relationship is subjected to the service situation, while on the other hand, Parasuraman et al. (1985) and Hellier et al. (2003) argue that there is no relationship in specific situations.

### **2.2.5 Behavioural Intentions**

Referring to the Theory of Reasoned Action (Fishbein and Ajzen, 1975), behavioural intention is one of the motivational factors of a volitional behaviour and is strongly correlated to the behaviour itself (Jang and Feng, 2007). The degree of the relationship between behavioural intentions and actual actions has received a strong criticism among the researchers. However, behavioural intentions are still widely accepted as a rational factor to predict future behaviour (Quelette and Wood, 1998). Donovan and Rossiter (1982) predict customer buying behaviour by examining the importance of patronage intentions in terms of willingness to return to the store and positive word-of-mouth.

Behavioural intentions have been defined as the probability to which an individual to execute a particular behaviour in the future (Ajzen and Fishbein, 1980). In general, behavioural intentions can be classified into favourable and unfavourable. Favourable behavioural intentions consist of a positive word of mouth such as saying good things about the organisation and recommending the service to others, paying a premium price and remaining loyal. On the other hand, unfavourable behavioural intentions refer to leaving the company, spreading negative word-of-mouth and spending less money. The profitability and the market share of a firm are highly associated with the favourable behavioural intentions.

Word-of-mouth refers as a process in which customers who have used a certain product or service discuss/pass their experiences with/to another person not directly related to the service provider (Westbrook, 1987). In sum, word-of-mouth represents the flow of information about products, services or companies from one customer to



another. Positive word-of-mouth is a behavioural intention that links to the intention to recommend. In this regard, word-of-mouth is used as a trusted external source of information for a customer who has yet to understand and to experience a certain goods or service. Thus, the positive word-of-mouth is an influential determinant to the firm's profitability (Zeithaml et al., 1996).

Repurchase intentions refers to the consumer's belief that he or she will purchase good or service from the same firm (Hellier et al., 2003). The repurchase intentions are driven by the past purchase experience. As for willingness to pay more, it is defined by Zeithaml et al, (1996) as the likelihood of a consumer to pay more than a competitors charge to pursue a product or service.

Loyalty refers to the consumers' intention to make a repeat purchase of a certain products or services (Oliver, 1997). Loyalty can be captured by having more transactions with a service provider in the future and by stating a favourite for it (Zeithaml et al., 1996). Reichheld and Sasser (1990) claim that a high level of loyalty is strongly associated with the firm's profitability.

While restaurant industry is a highly competitive industry (Gregoire, 1995), it is essential for restaurant operators to have a deep understanding of the attributes of favourable post-dining behavioural intentions. The attributes such as saying good things about the restaurant, recommending the restaurant to others and repeat purchasing can provide a useful guidance to restaurant operators to attract and retain customers (Liu & Jang, 2009).

As for the context of Korean restaurant, Ha and Jang (2010) find that there is a positive linkage between customer satisfaction and behavioural intentions by using attributes such as to dine in restaurant again, spread positive things about the restaurant to others and recommend the restaurant to others in their study.

Consistent with the findings of Ha and Jang (2010), Ryu et al. (2008) find that customer satisfaction is positively associated to behavioural intentions in quick-casual restaurants industry by using attributes such as visit the restaurant again, recommend to friends and more frequently visit the restaurant. In examining behavioural intentions in fast-food restaurant settings, Qin and Prybutok (2009) use several favourable post-dining behavioural intentions determinants such as recommendation, intention to dine here again and saying good thing about the fast food restaurant in their study.

Oliver (1980, 1999) proposes that customer satisfaction is another fundamental component of post-purchase behavioural intentions. Numerous studies have indicated that the attitude of a customer towards a product or service is directly affected by customer satisfaction, which in turn motivates customers to purchase the products and service again in the future.

In addition, Zeithaml et al. (1996) develop a model of 13-item battery to measure a broader range of behavioural intentions. The model of 13-item battery is a combination of both previous research and newly added behaviour intentions attributes. Prior research has incorporated behavioural intentions such as purchase intentions (Cronin and Taylor, 1992), repurchases intentions and willingness to

recommend (Boulding et al., 1993). According to Zeithaml et al. (1996), the newly added behavioural intentions are the possibility of a customer to pay a higher price, their loyalty to a company when price increase, their likelihood to have more business with the company in the future and lastly their propensity to complain if service problem happens. Even if previous researchers have categorised the 13 items into four main groups, namely purchase intentions, price sensitivity, word-of-mouth communications and complaining behaviour, Zeithaml et al (1996) describe behavioural intention in five dimensions, which are loyalty, switch, pay more, external response and internal response. Out of 13 items, five items for loyalty, two items for switch and pay more respectively, three items for external response and lastly, one for internal response.

### **2.3 THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION**

Service quality and customer satisfaction are inarguably fundamental concepts within services marketing literature (Spreng and Mackoy, 1996). Their relationship has gained huge research interest in the services marketing arena over the decades (Bitner, 1990). The studies posit mixed findings on the causal direction between service quality and customer satisfaction. Consequently, there is an argument on the causal relationship with suggestions that customer satisfaction drives service quality (Bitner, 1990) and service quality drives customer satisfaction (Spreng and Mackoy, 1996). However, it is generally accepted that service quality is an antecedent of customer satisfaction both from a theoretical viewpoint (Heskett et al., 1997; Oliver, 1992) and a practical viewpoint (Anderson and Sullivan, 1993; across industries. For example,

Brady and Robertson (2001) find that service quality affects customer satisfaction in the fast food industry in the United States.

While many researchers have pointed out the importance of service quality and customer satisfaction in helping firms to compete more efficiently in the market, a number of service and satisfaction studies have been undertaken in various service industry. Results reveal that there is a positive relationship between service quality and customer satisfaction in various service industry. For example, Cronin and Taylor (1992) believe that service quality has positive impacts on customer satisfaction in four service industry namely banking, pest control, dry-cleaning and fast food. Similarly, Bei and Chiao (2006) argue that service quality is positively associated with customer satisfaction in three service settings namely petrol station, baking and automobile repairs.

Within the restaurant context, Yuksel and Yuksel (2002) note that at an aggregate market level, service quality is the most important contributor to dining satisfaction. Andaleeb and Conway (2006) study the factors which influence customer satisfaction in full service restaurant segment. Their study shows that service responsiveness has the most significant influence on customer satisfaction.

In the similar vein, Qin and Prybutok (2009) and Qin, Prybutok and Zhao (2010) study the relationships among service quality, food quality, perceived value, customer satisfaction and behavioural intentions in FFRs. Apparently, the findings show that service quality directly and positively influenced customer satisfaction among fast food consumers in the United States and China, respectively.

Additional evidence can be found in the work of Bougoure and Neu (2010). They study the relationship between service quality and customer satisfaction in the Malaysian fast food industry. In that particular study, 300 students from a large Malaysian University in the Klang Valley were asked about their perception on service quality and customer satisfaction in the FFRs in Malaysia. The 29-item DINESERV scale proposed by Stevens et al. (1995), which consists of five dimensions namely included tangible, reliability, responsiveness, assurance and empathy, was used in Bougoure and Neu's (2010) study. The findings provide indications that service quality positively influences customer satisfaction among Malaysian fast food consumers. Thus, it can be concluded that when consumers perceptions towards service quality is positive, customer satisfaction will be more favourable.

In the context of this study, by addressing the importance of service quality to customer satisfaction, it is important for FFR managers and service providers to gain a deep understanding of how their customers perceive the service they provide, and what are the key determinants of the perceived service quality in FFRs. Thus, this study suggests:

*Proposition 1: The more favourable consumer's perception towards service quality, the more favourable will the customer satisfaction be.*

## **2.4 THE RELATIONSHIP BETWEEN FOOD QUALITY AND CUSTOMER SATISFACTION**

Past research have empirically examined the importance of food quality in restaurant settings due to food is the core product of a restaurant and plays a crucial role in

influencing customer satisfaction and determining post-dining behavioural intentions (Liu and Jang, 2009). A number of food service providers claim that people go to restaurants for the food and they are satisfied if they get the food they want (Andaleeb and Conway, 2006). Thus, it can be concluded that food is highly related to customer satisfaction in the restaurants (Johns and Howard, 1998; Kivela et al., 1999).

Among the seminal studies are those conducted by Namkung and Jang (2007) who identify food quality in terms of food presentation, taste and temperature leading to a favourable customer satisfaction, Ha and Jang (2010) have evidenced a positive relationship between food quality and customer satisfaction and between food quality and loyalty in Korean restaurants, and Sulek and Hensley (2004), who evaluate the importance of food, physical setting and service in a full-service restaurant, the findings reveal that food quality is far more important to customer satisfaction and predicting behavioural intentions than other variables.

Consistent with the previous studies, Qin and Prybutok (2009) have witnessed a direct link between food quality and customer satisfaction in the FFRs in the United States. Furthermore, the same findings have also been found in China FFRs (Qin, Prybutok and Zhao, 2010). In sum, it can be concluded that high food quality often leads to favourable customer satisfaction while a low food quality tends to lead to unfavourable customer satisfaction among fast food consumer across western and eastern countries. Based on these theoretical foundation and empirical studies, this study suggests that:

*Proposition 2: The more favourable consumer's perception towards food quality, the more favourable will the customer satisfaction be.*

## **2.5 THE RELATIONSHIP BETWEEN PERCEIVED VALUE AND CUSTOMER SATISFACTION**

There has been a growing recognition that perceived value has impacts on customer satisfaction and behavioural intentions. In an effort to further understand the relationship between perceived value and customer satisfaction, service and marketing researchers have begun to examine the relationship between perceived value and customer satisfaction (Babin et al., 1994; Zeithaml, 1998; Patterson and Spreng, 1997; McDougall and Levesque, 2000; Lai et al., 2009).

Most studies have theoretically and empirically evidenced the positive impacts of perceived value on customer satisfaction in different service settings. In particular, Babin et al. (1994) find that perceived value (in terms of hedonic and utilitarian value) has positive effects on customer satisfaction. Zeithaml (1998) claim that the level of satisfaction for customers who perceived that they received 'value of money' is higher than customers who did not perceive they received 'value for money'. Furthermore, Andreassen and Spreng (1997) argue that perceived value positively correlated to customer satisfaction in designing a customer loyalty model in a complex service context. Consistent with the previous findings, McDougall and Levesque (2000) indicate that perceived value is the most important contributor to customer satisfaction in four service sectors, specifically restaurant, auto service, hairstylist and dental services. Additional support is found in the work of Lai (2009), the study has revealed that perceived value induces customer satisfaction in the tele-communication in the mainland of China.

In the context of FFRs, at least two studies have been conducted to investigate the relationship between perceived value and customer satisfaction (Qin and Prybutok, 2009; Qin, Prybutok and Zhao, 2010). In their studies, the same research framework was used to study the influence of perceived value on customer satisfaction among fast food consumers in the United States and China, respectively. A respondent's perceived value was assessed using the items 'competitive price for food', 'competitive price for beverages' and 'value worthy of money'. The studies posit mixed findings on the relationship. In particular, insignificance relationship perceived value and customer satisfaction is found in the United States while in China, significance relationship between perceived value and customer satisfaction is found. Qin and Prybutok (2009) explain that the insignificance relationship in the United States is probably because of the homogeneous nature of the construct within the FFR group rather than the importance of the perceived value construct within food service. Additionally, cultural factors might be another reason of the mixed findings since the instrument used in the studies was developed in western cultural context (Qin, Prybutok and Zhao, 2010).

The evidence leads the present study to suggest:

*Proposition 3: The more favourable consumer's perception towards value, the more favourable will the customer satisfaction be.*

## **2.6 THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND BEHAVIOURAL INTENTIONS**

Based on the review of the literature, the influence of customer satisfaction on behavioural intentions has been proven by many researchers (Parasuraman et al.,



1991; Zeithaml et al., 1996). Customer satisfaction is always used to predict the revisit intentions and return patronage of consumers in services and marketing literature (Ha and Jang, 2010; Gerpott, Rams and Schindler, 2001; Iglesias and Guillen, 2004). Results reveal that consumers with a higher level of satisfaction are more likely to have a stronger likelihood to repurchase and recommend the product or service to others (Zeithaml et al., 1996). More specifically, repurchase will be more frequent when the customer satisfaction is enhanced (Kuo et al., 2009).

In the service industry, the overwhelming number of studies on customer satisfaction has confirmed a positive relationship between customer satisfaction and behavioural intentions (Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Kivela et al., 1999; Zeithaml et al., 1996). For example, Gerpott et al. (2001) and Tung (2004), respectively, study the telecom industry in Germany and SMS service in Singapore. Their studies find that customer satisfaction is a reliable predictor of post-purchase intentions.

In a restaurant setting, Iglesias and Guillen (2004) believe that as an attempt to survive and achieve competitive edge in the competitive markets, restaurant practitioners shall identify the factors which influence customer satisfaction to predict behavioural intentions. Yuksel and Yuksel (2002) and Oh (2000) argue that customer satisfaction plays a pivotal role in the success of a restaurant because it leads to repeat patronage, brand loyalty and new customers through word of mouth promotion.

Other studies of the restaurants also support Yuksel and Yuksel's (2002) arguments. Ladhari et al. (2008) find that customer satisfaction positively associated with

recommendation. Recommendation is essential in the restaurant industry due to the uncertainty associated with purchase and the difficulties in evaluating the service. Additionally, Ladhari et al. (2008) also find that customer satisfaction has positive influence on customer loyalty. Customer loyalty is a key contributor to the success of a restaurant. Through the findings of this study, firms must give efforts to increase customer satisfaction which leads to more favourable behavioural intentions.

Among the studies of fast food industry, Qin and Prybutok (2009), Bougoure and Neu (2010), and Qin, Prybutok and Zhao (2010), respectively, examine the fast food industry in the United States, Malaysia and China. They have concluded that customer satisfaction positively impacts behavioural intentions. Based on the evidence from the past studies, the present study suggests that:

*Proposition 4: The higher the customer satisfaction, the more positive will the behavioural intentions be.*

## **2.7 CUSTOMER SATISFACTION AS THE MEDIATING FACTOR BETWEEN SERVICE QUALITY AND BEHAVIOURAL INTENTIONS**

Previous studies of services marketing have provided empirical evidence that high service quality greatly affects customer satisfaction and their behavioural intentions. Zeithaml et al. (1996) have pointed out that service quality positively influences behavioural intentions. Behavioural intentions are important in services marketing due to its effects on positive word-of-mouth, recommendation to others and revisiting the provider. Among all the antecedents of customer satisfaction, service quality has gained a huge interest among the researchers because it is controllable and by improving service quality, customer satisfaction can be enhanced which in turn

influences the consumer's intention to purchase the service. Bitner and Zeithaml (2000) argue that when a firm delivers a superior service, this drives to positive customer satisfaction which in turn increases customer retention and consequently brings profit to the firm.

A number of studies have been carried out to examine the role that customer satisfaction plays in mediating the relationship between service quality and behavioural intentions in different industry contexts. Hong and Goo (2004) find that the path "service quality → customer satisfaction → loyalty" is significant in Taiwanese service firms. Additional support from the works of Olorunniwo and Hsu (2006), they claim that customer satisfaction fully mediated the direct relationship between service quality and behavioural intentions in the retail banking industry.

Similar conclusions have been found in the study of Caruana (2002). In that particular study, Caruana (2002) examines the relationship among service quality, customer satisfaction and service loyalty in Malta's bank. She uses a model to examine the mediating effect of customer satisfaction on the relationship between service quality and customer loyalty. Retail banking customers are used in order to validate the model. Caruana (2002) find that customer satisfaction mediates the effect of service quality on service loyalty. In other words, service quality influences service loyalty through customer satisfaction. Moreover, the findings of that particular study show that service quality is a key contributor to customer satisfaction with explaining 53% of the variance.

Bougoure and Neu (2010), in their study, assess the mediating effects of customer satisfaction in the relationship between service quality and behavioural intentions among Malaysian fast food respondents. The results of the study show that service quality affects customer satisfaction judgments and these judgments affect consumers' repurchase intentions. Such results provide useful input to fast food managers in order to achieve, retain, upgrade and leverage competitive advantages in a competitive market.

Consistent with the findings of Bougoure and Neu (2010), Qin and Prybutok (2009) find that service quality directly and positively influences customer satisfaction, which in turn influences behavioural intentions of the fast food consumers in the United States. Similarly, the same findings have also been found for the fast food consumers in China (Qin, Prybutok and Zhao, 2010). The evidence leads the present study to suggest:

*Proposition 5: Customer satisfaction mediates the relationship between service quality and behavioural intentions in the Malaysian fast food industry.*

## **2.8 CUSTOMER SATISFACTION AS THE MEDIATING FACTOR BETWEEN FOOD QUALITY AND BEHAVIOURAL INTENTIONS**

Several studies support that customers' satisfaction with a restaurant's food quality is playing a pivotal role in determining return patronage of customers (Oh, 2000). Namkung and Jang (2007) have evidenced a positive relationship between food quality and customer satisfaction while Clark and Wood (1999) argue that food quality is the key factor in customer loyalty in restaurant settings. In other words, high food quality induces higher levels of customer satisfaction which in turn leads to

higher levels of behavioural intentions, such as revisit intention, spreading positive word of mouth or recommending the restaurants to others (Chow et al., 2007).

Despite the importance of the interrelationship of food quality, customer satisfaction and behavioural intentions in fast food industry, this conceptual relationship has received little research attention. Among the studies of FFRs, most focused on the relationship between service quality and customer satisfaction (Qin and Prybutok, 2009). In addition, in Malaysia, most of the studies focused on the normative and legal aspects of Western-based fast food restaurants (Azudin and Karaim, 1988; Noor, 2006). Hence, not much evidence from past research could be found in the relevant literature.

A study conducted by Qin and Prybutok (2009) could give some evidence. Qin and Prybutok (2009) argue that food quality directly and positively influence customer satisfaction, which in turn influences behavioural intentions for the fast food consumers in the United States. In a similar vein, Qin, Prybutok and Zhao (2010) provide evidence of the mediating role of customer satisfaction in the relationship between food quality and behavioural intention in the FFRs in China.

Thus, the evidence leads the present study to suggest:

*Proposition 6: Customer satisfaction mediates the relationship between food quality and behavioural intentions in the Malaysian fast food industry.*

## **2.9 CUSTOMER SATISFACTION AS THE MEDIATING FACTOR BETWEEN PERCEIVED VALUE AND BEHAVIOURAL INTENTIONS**

It is only recently that there has been a growing recognition to the role of perceived value in explaining behavioural intentions through customer satisfaction. Gill et al. (2007) believe that examining the mediating role of customer satisfaction will give a better understanding of the effects of perceived value on behavioural intentions. The significant relationship between perceived value and customer satisfaction has been acknowledged as a salient construct in understanding consumer behaviour (Kwun, 2010).

Many studies have evidenced the mediating effects of customer satisfaction between perceived value and behavioural intentions. The relationship between customer perceived value, customer satisfaction and behavioural intentions is both theoretically and empirically justified (Gill et al., 2007). Theoretically, the well accepted attitude/behaviour framework formulated by Ajzen and Fishbein (1980) can be used to justify the relationship. This framework posits that cognition leads to affective which in turn leads to behavioural outcomes. Empirically, the relationship can be justified with a few similarities found in the studies which have considered the simultaneous impact of customer perceived value, customer satisfaction and behavioural intentions. The studies have pointed out that customer satisfaction is positively associated with behavioural intentions and perceived value is positively associated with behavioural intentions (Wakefield and Barner, 1996; Sirohi et al., 1998; Sweeney et al., 1999).

Gill et al. (2007) test a model of customer perceived value on behavioural intentions with customer satisfaction posited as a mediating variable in the cellar door context.

Customer perceived value in this study was measured by a multi-dimensional scale consisting of five dimensions, namely quality of service, price, social value, technical value and epistemic value. The findings have confirmed that customer satisfaction has mediation effects for relationships from perceived value to behavioural intentions. Specifically, a favourable perceived value can induce customer satisfaction that can bring about favourable behavioural intentions. In the same study, results also reveal customer satisfaction fully mediates service quality while price, social value and technical quality are only partly mediated by customer satisfaction. Thus, it can be concluded that the mediating effects of customer satisfaction may differ across dimensions of customer perceived value.

Additional support is found in the works of Qin, Prybutok and Zhao (2010). Similar with the previous studies, they find that that customer satisfaction plays the role of a mediator in the relationship between perceived value and behavioural intentions for the fast food consumers in China. In other words, customer satisfaction plays as a mediator in signalling the effects of perceived value on behavioural intentions in the fast food industry in China. Based on the above findings, this study suggests that:

*Proposition 7: Customer satisfaction mediates the relationship between perceived value and behavioural intentions.*

## **2.10 CONCLUSION**

Based on the thorough review of literature which has been discussed in this chapter, there are evidences to show that service quality, food quality, perceived value are strongly related to customer satisfaction and behavioural intentions in service industry.

The research framework of this study has identified three types of variables in this study, namely independent variables (service quality, food quality and perceived value), mediator (customer satisfaction) and dependent variable (behavioural intentions). It develops a FFR successful model by examining the five key constructs in the fast food industry. This model has never been used in fast food studies in Malaysia. Numerous conceptual and empirical studies that are related to the antecedents and consequences of customer satisfaction have been referred. In addition, a proposition of customer satisfaction playing a mediating role in the relationship between service quality, food quality, perceived value and behavioural intentions is developed.