

CUSTOMER SATISFACTION TOWARDS SERVICE QUALITY OF
STAFFS AT FAST FOOD RESTAURANT IN MELAKA

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I hereby confirm that I have examined this project paper entitled:

Customer Satisfaction towards Service Quality of Staffs at Fast Food Restaurant in
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This Report Is Submitted In Partial Fulfillment of Requirements for Bachelor of
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DECLARATION

“I declare that this report is the result of my own work except the summary and excerpts which I have mentioned the sources for each of them”.

Signature : _____

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DEDICATION

First of all, praise to Allah SWT the Almighty for all His blessing in giving me the strengths, the ideas, the determination and the patience in completing this report successfully for partial fulfillment of requirements for Bachelor of Technology Management (High Technology Marketing). I also owe debt gratitude to my beloved father and mother, Muhammad bin Ismail and Mek Ani binti Ishak respectively. Therefore, I would like to take this opportunity to dedicate a lot of thanks to my parent who really encourage me and give big support to me physically and mentally, either moral support or even financial support in order to finish this report successfully. Other than that, I also would like to thank you to all my family members for all the support given during conducting the research as well as finishing this report. Lastly, thank you very much for all members of my family. Last but not least, a lot of gratitude given to all members of my family.

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ABSTRACT

An organization must look into the needs and wants of their customers to be successful. Customer satisfaction is a term generally used to measure a customer's perception of a company's products and services. That is the reason why many researchers and academicians have continuously emphasized on the importance of customer satisfaction. Customer satisfaction is important because many researchers have shown that customer satisfaction has a positive effect on an organization's profitability. Service quality is the fundamental factor to measure customer satisfaction at the fast food restaurant. This paper presents "Customer Satisfaction towards the Service Quality of Staffs at Fast Food Restaurant". The objectives of this study are to assess customer expectation and perception level towards service quality of the staff in five dimensions and to analyze the discrepancy gap between customer's expectation and perception towards service quality of the staff. The questionnaire utilized was based on the SERVQUAL instrument that identifies five quality dimensions in service environments. The results revealed that core service quality (the promise) and perceived value were the most important drivers of customer satisfaction with relational service quality (the delivery) a significant but less important driver. A direct link between customer satisfaction and future intentions was established. A major conclusion was that both perceived value and service quality dimensions should be incorporated into customer satisfaction models to provide a more complete picture of the drivers of satisfaction.

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CHAPTER 1

INTRODUCTION

1.1 Background of the study

The fast food restaurant industry is highly competitive, where they are competing with each other because of many development of fast food restaurant. The fast food industry in Malaysia is wide and fast food restaurants open through franchising all over the country. The restaurant industry is a very competitive business and CEOs are always looking for ways to grow their businesses.

Fast food is prepared and served quickly, and often consumed quickly as well. A spin-off of street food, a classification that spans eras and cultures, modern fast food has focused on being economical, filling, and tasty, often in that order. Within the foodservice industry, fast food restaurants are termed Quick Service Restaurants, or QSRs, and may also be termed Limited Service Restaurants, indicating the absence of traditional table service from a wait staff.

Fast food franchises focus on high volume, low cost and high speed product. Frequently food is preheated or precooked and served to-go, though many locations also offer seating for on-site consumption. For stands, kiosks or sit-down locations, food is

standardized and shipped from central locations. Consumers enjoy being able to get a familiar meal in each location, and menus and marketing are the same in every location

Within the American food industry, the leading fast food chains include McDonald's (the quintessential fast food chain), Burger King, Subway, Taco Bell, Wendy's, KFC, and Arby's. As this list implies, hamburgers, other sandwiches, Mexican-style foods, and fried chicken are standard fare in the American fast food industry.

In the U.S. market, fast food chains have faced increasingly competition from street foods, which have been seen a significant revival in consumer interest and appreciation.

Healthfulness, moreover, is an increasingly concern of contemporary fast food chains and their customers. Consumers may or may not view prepared foods available at retailers such as supermarkets as being competitive with fast food in terms of cost and taste. Fast food restaurants compete heavily on cost and convenience, particularly as it relates to getting food quickly. Food retailers may be in a stronger position to meld healthful eating and prepared foods together. (Matt Sena,2013)

Customer satisfaction is the customers overall feeling of contentment with a customer interaction. Customer satisfaction recognizes the differences between customer expectations and customer perceptions. Satisfaction may develop quickly or may be cultivated over a period of time. Customers have many concerns, the management job is to reduce as much of the customer's stress as possible and to create a pleasant customer experience, while also providing current information and helping to solve customer's problem. Satisfaction may be a customer's afterthought. The customer may think back on the experience and realize how pleasant or unpleasant it was. (Harris, 2008)

Expectations are our personal vision of the result that will come from our experience. Expectations may be positive or negative. Expectations are usually based, at least partially, on our perceptions. Sometimes companies or individuals wrongly assume that they cannot live up to their customer's expectations. This assumption frequently stems from a misconception of what the customers expect. (Harris,2008)

Service quality is the result of a complex network of several dimensions. Through the years, researchers have been on a quest to identify the most significant components of service quality. A variety of factors have been identified as contributing to service quality. (Kandampully, Mok and Sparks, 2008)

For this study the researchers have employed the five dimensions of service quality proposed by Parasuraman et al. (1988).

1.2 Statement of the Problem

Customer satisfaction is a well-known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. Over the past few years there has been a heightened emphasis on service quality and customer satisfaction in business and academia alike. Sureshchandar et al, (2003) identified that strong relationships exist between service quality and customer satisfaction while emphasizing that these two are conceptually distinct constructs from the customers' point of view.

Due to the fast growing environment the trends are changing continuously and people are trying to follow the western culture rapidly. Fast food has its own impact on life of common people. These circumstances motivated the researcher to study the

customer satisfaction about fast food outlets. The researcher is more focus on the service quality of the staff, whether they can satisfy customer or not. This research will, in other words find out the expectation and perception of customers about the service quality of staff there.

Research Questions

The research questions are:

1. What is the level of customer expectation and perception towards service quality of the staff at fast food restaurant restaurant?
2. What is the discrepancy gap between customer expectation and perception towards service quality of the staff at fast food restaurant restaurant?

1.3 Objectives

The objectives of this study are:

1. To assess customer expectation and perception level towards service quality of the staff in five dimensions: tangibility, reliability, responsiveness, assurance and empathy.
2. To analyze the discrepancy gap between customers expectation and perception towards service quality of the staff.

1.4 Scope, Limitation and Key Assumptions

The scope of the research is more to the effect of quality service to the customer satisfaction. The customer satisfaction relied on customer expectation and perception towards five service quality dimensions of staff.

There are few limitations in this research. First is in regard of choosing the organization itself. There are many fast food restaurants in Malacca. So, the researcher has to target the location of every survey.

Another limitation in this study is the respondent's cooperation. The reluctance of respondents in answering the questionnaires given has become the major limitation of this research. The reason may be vary as the respondents might be insecure of getting bad images by the management of restaurant; therefore they refuse to answer the question frankly. It is also due to the time constrain; thus they had no time to entertain the researchers. The sampling groups are 100 customers that involved in this research. However, other aspect like food quality is not involved in this research.

Key assumptions: Customer satisfaction, Service quality, Customer expectations and Customer perceptions

1.5 Importance of the Project

This study will be as a practical guideline for the fast food restaurant management, especially the staff. The outcome of this study will develop the service quality of the staff in order to meet with the customer needs and their satisfaction. If the

result showed the high score, the top management will be happy with the service. In contrast, if the result showed the low score, the top management will improve the service and arrange training program.

This research also will give benefit to the researcher and other students that are interested to conduct research in the same area. This research had been compulsory to be conducted in other to fulfill course requirements. In this research, the researcher had learned basic skills of how to conduct research. The researcher learns how to apply knowledge and skills and learn on how to use SPSS version 17. This research is significant to the other students. This research will also benefit for those who wish to conduct research in this area. This research can be treated as one of the references for them to build their own conceptual framework.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents the overview of literature and models that are related to the research problem presented in the previous chapter. This chapter will introduce the concepts of customer satisfaction, service quality, relation between customer satisfaction and service quality and service quality dimensions in order to give a clear idea about the research area.

2.2 Customer Satisfaction

Based on Harris (2008), customer satisfaction is the customers overall feeling of contentment with a customer interaction. Customer satisfaction recognizes the differences between customer expectations and customer perceptions. Satisfaction may develop quickly or may be cultivated over a period of time. Customers have many concerns, our job is to reduce as much of the customer's stress as possible and to create a pleasant customer experience, while also providing current information and helping to

solve customer's problem. Satisfaction may be a customer's afterthought. The customer may think back on the experience and realize how pleasant or unpleasant it was.

The Oxford Dictionary goes on to further describe satisfaction as 'fulfilment', 'leaving nothing to be desired', to 'be content or pleased'. However, research in consumer behaviour suggests it is necessary to move beyond mere fulfilment or contentment, to define the concept as 'consumers feeling states' or 'as the consumer experiences it'. According to Jones and Suh (2000), satisfaction is a consumer's post-purchase evaluation of the overall service experiences (processes and outcome). It is an affective (emotion) state or feeling reaction in which the consumer's needs, desires and expectations during the course of the service experience have been met or exceeded.

According to Sharp, Page and Dawes (2000), measuring service quality and satisfaction traditionally involves asking customers for subjective attitudinal evaluations, that is, asking if they personally felt the service they received was satisfactory. Many service and relationship quality measurement programs also ask customers for subjective evaluations, eg "please rate the quality of the delivery service - was it excellent, very good, fair or poor". This is done on the assumption that customers' attitudes towards the service will affect their future behaviour, such as repeat-purchase behaviour or recommending the company to others.

In Oliver (1997, p. 13), the following definition has been proposed as being consistent with the conceptual and empirical evidence to date:

Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment.

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm and become the most important predictor of future behavioral intention (Shamdasani and Balakrishnan 2000, Hamburg

and Giering 2001, Gorst, Wallance and Kanji 1998, Oliver 1999, Fornell et al. 1996, Huber and Herman 2001). Satisfaction remains as a strong predictor for behavioral outcomes (Cronin, Brady, and Hult 2000; Cronin and Taylor 1992; McDougall and Levesque, 2000; Andreas and Wolfgang, 2002). Satisfaction is an outcome of purchase and use resulting from the buyer's comparison of the rewards and cost of the purchase in relation to the anticipated consequences. It reflects how much the consumer likes or dislikes the service after experiencing it. When customers are able to have the opportunities to evaluate the quality of the delivered service, satisfaction is expected to have an effect on customer loyalty. Cadotte and colleagues in Carden, et al., (2004) define customer satisfaction in terms of an emotional response to the purchase of a product or service.

2.3 Expectations and Perceptions

Customer expectations are pre-purchase beliefs about service provision that act as a standard or reference point for judging post-purchase performance. Expectations play as crucial role in framing satisfaction evaluations. In fact, understanding what consumers expect is the starting point for firms wishing to manage the satisfaction process. Hill (2000) found that the novelty (or newness) of the purchase situation, the importance of the service to the client firm's future productivity and profitability, the complexity of the service delivered (in terms of the client's ability to grasp the technicalities involved, as in a complex consulting engagement) and decision uncertainty all influenced the client's expectation. Lovelock, Patterson and Walker (2004) said customer expectations are dynamic and may shift during extended consumption experiences. It should be obvious by now that over- promising and under- delivering will result in dissatisfaction.

A perception is the way that we see something based on our experience according to Harris (2007). Everyone's perception of a situation will be, at least slightly, different. Perceptions are frequently developed over a period of time and reflect the ways that we have been treated, our values, priorities, prejudices and sensitivity to others. Two people can share the same experience and then describe it differently. Unfortunately, perceptions are not necessarily based on rational ideas and may be influenced by momentary frustration and anger. Because perceptions are so full of mystery, it is important for the customer service provider to anticipate customer resistance based on the customer's prior interactions and always to work at providing the customers with excellent service so that their most current perception is a positive one. Customers may not remember every detail of an experience, but they will retain an overall feeling about it.

2.4 Service Quality

First and foremost, service quality is a customer issue. It is the customer who will determine whether they have received it. To put it another way, customer perception is everything. As harsh as it may sound, it does not matter what the service provider thinks. If the customer is not satisfied then the service has failed. Customers' perceptions are their reality (Cook,1997). In turn, their perception of the service provided will be determined by their expectations. If the service experienced lives up to their expectations, customers will be satisfied. If the treatment they receive is less than expected, this constitutes bad services. In short, customers want their expectations to be met completely and consistently.