FACTORS AFFECTING CUSTOMER SATISFACTION IN FAST FOOD RESTAURANTS

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FACTORS AFFECTING CUSTOMER SATISFACTION IN FAST FOOD
RESTAURANTS

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DECLARATION

I, Norain Binti Hassim (I/C Number: 920911-02-5690)

"I hereby declare that the work entitled "Factors Affecting Customer Satisfaction in Fast Food Restaurants " of this exercise is mine except for the quotations and summaries that have been duly acknowledge."

Signature   : …………………………..

Name   : NORAIN BINTI HASSIM

Date   : ……………………………

DEDICATION

This reseach paper is lovingly dedicated to may parents, En Hassim Bin saad and Puan Salmah binti Saad, who have been my constants source of inspiration, they have given Unconditional support with my studies. I am honoured to have their my parents. Thank you for giving me a chance to prove and improve myself through all my walk of life. To all may family thank you forbelieving me for allowing to further my studies.

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ABSTRACK

The purpose of conducting this research projects is to study the factors of food quality, service and atmosphere that influenced customer satisfaction in fast food restaurants. To attain the objective of this reserch, research question, and three hypotheses are developed and test. Each hypothesis is measured accordingly and results obtained are subsequently explained. . A review of literature was conducted to find out the relationship among food quality, service quality, and atmosphere and customer satisfaction. Primary data were collected through survey questionnaire and 150 sets of questionnaire were distributed to the target respondents which are customer fast food restaurant in Malacca. Data collected has been analysed by using Statistical Package for Social Science (SPSS) version 20.0. Major findings of this research project were discussed in order to understand the relationship between food quality, service quality and atmosphere towards customer satisfaction.The finding sees that there is a significant relationship between the customer satisfaction (dependent variable) and food quality, service quality and atmosphere (independent variables). Lastly, recommendation for managerial implications have been discussed to provide insight and useful information to the fast food restaurateurs. On the other hand, the limitations faced in this study will be addressed and recommendations will be developed to assist future researchers.

Keywords : *Food Quality, Service Quality, Atmosphere and Customer Satisfaction*

ABSTRAK

Tujuan menjalankan ini projek penyelidikan adalah untuk mengkaji faktor-faktor kualiti makanan, perkhidmatan dan suasana yang mempengaruhi kepuasan pelanggan di restoran makanan segera. Untuk mencapai objektif daripada reserch ini, persoalan kajian, dan tiga hipotesis dibangunkan dan ujian. Setiap hipotesis diukur dengan sewajarnya dan keputusan yang diperolehi kemudiannya dijelaskan. . Satu kajian sastera telah dijalankan untuk mengetahui hubungan antara kualiti makanan, kualiti perkhidmatan, dan suasana dan kepuasan pelanggan. Data utama penyelidikan yang dikumpul melalui soal selidik kajian dan 150 set soal selidik telah diedarkan kepada responden iaitu pelanggan restoran makanan segera di Melaka. Data yang dikumpul telah analisis dengan menggunakan Statistical Package for Social Science (SPSS) versi 20.0. Penemuan penting mengenai projek penyelidikan ini telah dibincangkan untuk memahami hubungan antara kualiti makanan, kualiti perkhidmatan dan suasana ke arah kepuasan pelanggan. Dapatan melihat bahawa terdapat hubungan yang signifikan di antara kepuasan pelanggan (pembolehubah bersandar) dan kualiti makanan, kualiti perkhidmatan dan suasana (pembolehubah bebas). Akhir sekali, cadangan untuk implikasi pengurusan telah dibincangkan untuk memberi gambaran dan maklumat yang berguna kepada pengusaha restoran makanan segera. Sebaliknya, batasan yang dihadapi dalam kajian ini akan ditangani dan cadangan akan dibangunkan untuk membantu penyelidik pada masa hadapan.

Kata kunci: Kualiti Makanan, Kualiti Perkhidmatan, Atmosfera dan Kepuasan Pelangan

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Sig.	=	Significance
N	=	Number of Sample
%	=	Percentage
R	=	Correlation Coefficient
F	=	F-test
t	=	t-test
β	=	Beta

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CHAPTER 1

INTRODUCTION

1.0   Introduction

This chapter will present the overview of the whole research project. The purpose of this research is to understanding the factors affecting customer satisfaction in fast food restaurant. It consist nine components of the studies which include the research background, problem statement, research objective, research questions, scope of study, limitation of study, project significant, chapter layout and conclusion. The first part of the study will start with research background, problem statement, and objective to give basic understanding of the overall study. Next, the research questions offer arguments and inquire which needed to examine for further investigation. Project of significant of the study will explain the importance and contribution of the study. Lastly, chapter layout of the research will be outlined and ended with conclusion.

1.1 Research Backgrounds

1.1.1 Fast Food

Today is the era of fast food chains. Fast food restaurants are universally and expected to be expanding and growing over the years. Due to relatively inexpensive costs and quick, convenient service, fast-food restaurants have become "home away from home" for breakfast, lunch, and dinner (Kim, Hertzman, & Hwang, 2010). Fast-food business is one of the most common business mainly in developed countries showed that delivers food process more quickly than any other system other restaurants and it takes time to prepare food and ready to eat and or submit to customers (Khan, 2012). Fast food in Oxford Dictionary is defined as food that can be prepared quickly and easily and is sold in restaurants and snack bars as a quick meal or to be taken out. In addition, Fast food is food that can be prepared and served quickly. Fast food restaurant and cooked in bulk in advance and constantly reheated to consumers. Most fast-food restaurants, (also known as "Quick Service Restaurants" or QSR) is part of a restaurant chain or franchise operations, and standardized foodstuffs shipped to each restaurant from central locations. According to Ali et al., 2012, the concept of fast food is provide customers portable and instant meals, without spending much time in waiting the food to be served and consumed. In addition, fast food market definition can be divided into four specific food service segments as show in table 1.1.

Table 1.1: Fast Food Market Segment and Definition

No	Fast food market segments	Definition
1	Quick service Restaurant (QRS)	Location where primary function is to provide full meal but where table service is not offered.
2	Takeaways	Establishment that provide freshly prepared food for immediate consumption and where typically 80% or more revenues come from consumers who take the food off the premises to consume.

Source: Data Monitor (2013)

1.1.2   Fast Food Industry in Malaysia

At first, the fast food challenges in gaining acceptance by consumers in Malaysia because it does not fit the culture (Habib *et al.,* 2011). Therefore, marketers are putting effort into understanding the culture in Malaysia to solve this problem. For example, marketers do not include pork or illegal substances from their fast food menu. Now, the fast food industry is tailored to the needs of Malaysian food and it can be accepted by the public and also famous in the country (Habib et al, 2011).

Fast food demand is increasing because a lot of factors. For example, this could include change in consumer tastes and preferences and lifestyle changes. However, consumer tastes changed due to the influence of western culture such as the effect of exposure when travelling abroad, and cultural and ethnic diversity is increasing. In addition, with a busy lifestyle these days, most people would eat fast food at work because it is a product to save time and simplify their work. Therefore, they do not want to spend a lot of time in preparing meals or waiting for food when eat at the restaurant, indirectly, consumers will rely on fast food.

America franchises have dominated the fast food industry in Malaysia (Habib et al., 2011). It includes Kentucky Fried Chicken (KFC), Pizza Hut, Kenny Rogers Roasters, A&W, McDonald"s, Burger King, Domino"s Pizza and etc. These example fast food brands have gain popularity among Malaysian. However, local fast food gain small market share if compared to American franchises. The first local fast food brand is MarryBrown which established in 1981 whereas the most successful local fast food brand is "Ayamas" ("Fast Food Consumption Trend in Malaysia," 2008).

Table 1.2: lists of fast Food Chain brands in Malaysia

No	Brand Name	Category	Specially
1	A&W	Fast Food	Burger
2	Burger King	Fast Food	Burger
3	Subway	Fast Food	Burger
4	McDonald	Fast Food	Burger
5	Marry Brown	Fast Food	Chicken
6	Domino"s Pizza	Fast Food	Pizza
7	Kentucky Fried Chicken (KFC)	Fast Food	Chicken
8	Pizza Hut	Fast Food	pizza

Adapted from: Independent Market research Report (2011)

1.1.3   Customer Satisfaction

According to Khan (2012) has stated that the customer is the most important part of any business and they are the ones that have a great influence and impact on the business, including fast food business, and besides, customer satisfaction is our personal feelings about food and services in the fast food business, which has considered as one of the most important aspects. Customer satisfaction can be referring to in term of meeting customer expectation in terms of satisfaction (Sabir et al, 2014). Customer satisfaction is customer ratings for goods and services in terms

of whether it needs customers or it is not satisfied with the product performance and not according to the expectations of customers and sometimes customers is more satisfied if the performance of the product is beyond their expectations. (Kotler P. &. 2012) In addition, if one of the aspects of products and services does not meet customer satisfaction and they cannot be satisfied with the overall performance.

Table 1.3: Result on Customer Satisfaction at Fast Food Business.

Name of Restaurants	2009	2010	2011	2012	Previous Year % change	First years % change
Papa John"s	75	80	79	80	1.3	15.9
Wendy"s	76	77	77	78	1.3	8.3
Pizza Hut	74	78	81	78	-3.7	13.0
KFC	69	75	75	75	0.0	11.9
Burger King	69	75	75	75	0.0	13.6
McDonalds	70	72	72	73	1.4	15.9

Source: ACSI 2012

1.2 Problem Statement

Marketers need to provide products or services that meet customer satisfaction. In addition, issues that exist in fast food is additive, improper food preparation and poor food choices arisen recently (Yong et.al 2013). If a restaurant cannot meet the needs of customers, dissatisfaction will happen to the customer within a customer and they can move on to a competitor or another restaurant. This is difficult because consumers" perception of service quality can vary across countries due to cultural and environmental differences (Qin, Prybutok and Zhao, 2010).

In business, customer satisfaction is the most important because when the customer is satisfied it will provide a lucrative business for the industry. The challenges faced by marketers are marketing deals with customer satisfaction at what is on offer. Marketers need to provide products or services that meet customer satisfaction. Problems in customer satisfaction is customer ratings for goods and services in terms of whether it needs and wants of customers or clients are not satisfied with the service or product is not satisfied with the product performance and not according to the expectations of customers. If one aspect of products and services not customer satisfaction so they cannot be satisfied with the overall performance of the industry.

After that, customers are the major part of the business and market (Khan, Hussain, and Yaqoob, 2012). Therefore, we wish to see the contents of preservatives and condiments that are high in fast food, making food less nutritious. , According to Shaharudin, Mansor, and Elias (2011), the food quality is becoming a crucial factor that impacts on the consumer. When food quality not good and not fulfil customer need and want will happen dissatisfaction. By Euromonitor study (2011) also reported the increasing rates of obesity have becoming an issue concerning fast food in Malaysia. The rising rates have cause consumers to be more health conscious. This trend is potentially affected health conscious fast food industry since fast food is well known as food with high fat content. As a result, consumers might change their preferences to more health conscious foods. Nevertheless, the majority of Malaysians are still undisturbed by the increasing trend of obesity by continuing their fast food consumption. The reason is Malaysians are increasingly time poor due to longer working hours and hectic social lives (Euromonitor, 2011).

Based on the above problems, even fast food is quick food prepared but can also affect customers but many still choose fast food restaurant. For that reason, the researchers wanted to study the factors affect customer satisfaction with fast food restaurant. Therefore, it is important for managers to implement service standards and customer requirements to meet customer needs.

1.3   Research Questions

The research questions for this study are follows:

1. Does food quality affect customer satisfaction in fast food restaurant?
2. Does service quality affect customer satisfaction in fast food restaurant?
3. Does atmosphere affect customer satisfaction in fast food restaurant?
4. What are the most significant factors affect customer satisfaction in fast restaurant?

1.4   Research Objectives

The research objectives for this study are follows:

1. To determine whether food quality affect customer satisfaction in fast food restaurant.
2. To determine whether service quality affect customer satisfaction in fast food restaurant.
3. To investigate whether atmosphere affect customer satisfaction in fast food restaurant.
4. To identify are the most significant factors affect customer satisfaction in fast restaurant.

1.5   Research Scope And Limitation

The scope of study is more to the factors that affect customer satisfaction in fast food restaurants. Customer satisfactions at fast food restaurants depend on customers assess the three factors (food quality, service quality, and atmosphere) when visit restaurant fast food. For this study, respondent came from Malacca. The data gather from one hundred fifty.

Limitations of this study are also discussed in this section. The first is the limitation in the regard of the choosing organization. This is because many fast food restaurant in Malacca. Another limitation in this study is the respondent"s cooperation. Researchers were unable to check whether respondents answered questions correctly or not. The refusal of the respondents to answer the questionnaire was given a major limitation of this study.

1.6 Project Significant

This study will show and reveal the factors that affect customer satisfaction in fast food restaurant and find out whether these factors really affect customer satisfaction. This study will benefit researchers and other students who are interested in conducting research in the same field. The study was carried out on other mandatory to fulfil course requirements. In this study, researchers have learned the basic skills of how to conduct research. Researchers found out how to use the knowledge and skills and to learn about how to use SPSS. This study can be considered as one of the references for them to build their own conceptual framework.

1.7 Chapter Layout

Chapter 1: Introduction

Chapter one is the synopsis of this study. It includes research background, problem statement, research question, research objective, and scope of study, limitation of study, project significant and chapter layout and conclusion of chapter one.